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NEWS SUMMARY

GENERAL

Reagan loses policy adviser

Mr. Richard Allen, chief foreign policy adviser to Mr. Ronald Reagan, yesterday resigned his campaign post amid allegations about his business activities.

Mr. Allen, a candidate for the job of National Security Adviser if Mr. Reagan wins the presidential election, said the charges—arising from articles in Wall Street Journal about his relationship with Japanese businessmen since he worked in the Nixon White House—were "shot full of holes."

Colleagues said he resigned to avoid becoming an election issue.

Meanwhile, as the campaign for the presidency neared its end, Mr. Reagan accused President Carter of inability to handle the economy, while Mr. Carter accused him of being misguided on foreign policy, social and racial issues. Back Page; Page 6

Ecevit resigns

Bulent Ecevit, former Turkish Prime Minister, resigned as leader of the social democratic Republican People's Party. He spent four weeks in exile after last month's army coup. Page 2

Royal gratitude

In a friendly farewell message, the Queen referred to King Hassan's "extremely warm and generous hospitality" and thanked him for his "personal interest" in her Moroccan visit.

Hostage boycott

Planned discussion of the U.S. hostages was abandoned when a boycott by about 20 Deputies left the Iranian Majlis (Parliament) short of a quorum. Page 4

PC loses job

PC Stephen Hickling, 19, who lost his arm in a bomb explosion at a London police station this year, has been discharged from the force for medical reasons.

Race law reform

Sweeping changes to South Africa's race laws, tightening influx control but making black workers more mobile in cities, were proposed in draft Bills. Page 4

Terrorist suspect

Police said two Italians held after a raid on a London restaurant were not responsible for the Bologna railway station bomb, but one was wanted for extradition to Italy on terrorist offences.

Peking blast

A bomb blast at Peking railway station which killed nine and hurt 81 was apparently a terrorist act, the first in China for many years. Page 3

Ben Bella freed

Algerian President Chadli Bendjedid has lifted restrictions on the freedom of the country's first president, Ahmed Ben Bella. He was imprisoned for 15 years and recently under house arrest. Page 4

Fuel purpose

"Vicious" umbrella swordsticks carried by two London diamond dealers were confiscated as offensive weapons by a magistrate. He was told they were common protection among jewel dealers against muggers.

Briefly . . .

Conservationists dyed 700 Orkney grey seal pups red to sabotage next week's annual cull.

Former Maltese Premier Dr. George Borg Olivier died.

BUSINESS

Oils at all-time high; $ improves

● EQUITIES: oils led an otherwise uninspired market. The sector index reached an all-time high of 1,015.93, up 1.6 per cent, after analysts forecast crude prices would rise 20 per cent by the end of the year. The FT 30-share index closed 0.4 down at 492.8. Page 40

● GILTS: the Government Securities Index closed 0.12 down at 71.30. Page 40

● WALL STREET was down 4.86 near the close at 924.32. Page 38

● DOLLAR improved generally, closing at DM 1.8980 (DM 1.8855), SwFr 1.7110 (SwFr 1.6960), and Y210.40 (Y210), checking its recent decline. The trade-weighted index rose to 85.2 (84.9). Page 29

● STERLING closed 30 points down at $2.4385, but its trade-weighted index was unchanged at 79.0. Page 29

● GOLD fell $1 to $642.50. Page 29

● MOROCCO was given a three year stand-by credit of $1bn by the International Monetary Fund. Page 3

● CHEMICAL industry leaders warned the Government to decide before Christmas on the use of North Sea gases as petrochemical raw materials, or face losses of over £100m a year. Page 11

● ENERGY consumption in the June-August quarter fell 5.6 per cent against the same period in 1979. Page 11

● STEEL committee of the OECD said Western companies have cut 100,000 jobs this year, and predicted more redundancies soon. Page 2

● JAPANESE vehicle exports to the UK fell 37 per cent in September. Exports to West Germany rose 60.7 per cent.

● CONSUMERS' Association started a campaign against tighter controls on textile imports. Page 11. French companies plan merger. Page 32

● VISA, the international banking group, is expanding its UK travellers cheque operation through the Trustee Savings Bank, which will issue its own sterling cheques from Monday. Back Page

● IVECO, Europe's second largest commercial vehicle group, said managing director Frank Tinsdale has resigned. Page 10

● UDS retailing group is to close 110 menswear shops, with the loss of 500 jobs, and will merge its John Collier and Alexandre chains. Back Page

● INTERNATIONAL HARVESTER, the U.S. tractor manufacturer has introduced a one day week at two UK plants. Page 10

● QANTAS arranged a A$106.7m (£51.2m) leverage leasing package, Australia's largest, to finance aircraft purchases. Page 32

● KLM-Royal Dutch Airlines expects to make a loss this year, the first for five years. Page 32

● COATS PATONS, textile group, reported interim profits down from £31.05m to £26.68m before tax. Page 24, and Lex, Back Page

● WILLIAM PRESS and Son, mechanical engineering contractor, said first-half taxable profits fell from £4.73m to £3.21m. Page 24

● J. HEPWORTH and Son, multiple tailor, announced pre-tax profits down £0.88m for the year at £5.71m. Page 24, and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Authority Invs.	50	+ 7
Courtaulds	66	+ 3
Haig Shipping	£25	+ 2
Hambro Trust	138	+ 7
Hambros	705	+ 27
Hepworth (J.)	100	+ 5
Jardine Matheson	255	+ 27
Lyman and Scott	175	+ 25
Simons	44	+ 3
Owen Owen	122	+ 6
Fife and Nolan	74	+ 4
Saga Holidays	212	+ 9
Standard Telephns.	493	+ 15
Berkeley Explor.	253	+ 7
Burmah Oil	208	+ 7
Tr. Cont. Gas	350	+ 17
SMO	883	+ 17
Shell Transport	474	+ 8
Hartebeest	£45	+ 1½
Hayes Mining	70	+ 5
MIM Hldgs.	273	+ 12
Poseidon	351	+ 11
Randfontein Ests.	£45½	+ 1½
S. Pacific Pets.	194	+ 12
Tronoh	450	+ 30
Western Deep	£32¾	+ 2¼
Western Mining	317	+ 10

FALLS		
Aurora Hldgs.	28	− 3
Barratt Develops.	164	− 7
Berec Group	86	− 4
Bowater	178	− 6
Commerzbank	605	− 105
Fidelity Radio	36	− 5
Ladbroke	233	− 6
Lloyds Bank	348	− 8
MFI Furniture	66	− 3
Midland Bank	352	− 8
SGB	158	− 7
Weeks Associates	8	− 2
Wholesale Fittings	235	− 35

Edwardes may try to force 6.8% settlement at BL

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SIR MICHAEL EDWARDES, the BL chairman, is expected to try to force through a 6.8 per cent pay deal in spite of its rejection by 35,000 workers at mass meetings yesterday.

Preliminary figures issued by the company last night suggested that 35,000 workers at 15 plants had voted to reject the deal and pursue strike action, with nearly 31,000 at 19 plants in favour of acceptance.

The extent of shop floor opposition, particularly at the Cowley, Oxford, plant, where the 11,000 production workers had not been expected to back militant action, surprised union leaders and militants.

In what could prove a key test of Government efforts to hold down pay rises, there can be no mistaking the unrest among BL workers who feel they have accepted a series of low wage increases at a time of mounting inflation.

Mrs. Margaret Thatcher, the Prime Minister, expressed concern in the Commons at the workers' decision. But she made clear the problems of BL would be left to Sir Michael and his board.

He has already warned the workforce that the company has been pushed to the limit and unions should not put jobs at risk by striking. "There is not a penny more to be had—and that means not a penny more," he has said.

HOW BL WORKERS VOTED

FOR	AGAINST
Longbridge, 15,000	Land-Rover, Solihull, 5,000
Cowley assembly, 5000	Land-Rover, Acocks Green, Birmingham, 1,000
Cowley body, 6,000	Land-Rover, Tyseley, Birmingham, 1,500
Cowley parts division, 1,100	Castle Bromwich, Birmingham, 1,500
SU Carburettors, Birmingham, 600	Alford and Alder, Hemel Hempstead, 600
Beans Foundries, Tipton, 1,000	Oxford Exhausts, 500
Drews Lane transmissions, Birmingham, 2,500	Rearsby, Leicestershire, 500
Land-Rover, Percy Road, Birmingham, 250	Canley Engines, Coventry, 1,400
Land-Rover, Perry Barr, Birmingham, 250	Jaguar Engines, Coventry, 2,500
Dunstable, 200	Land-Rover chassis, Garrison Street, Birmingham, 750
Llanelli Pressing, 1,200	Rover cars, Solihull, 2,500
Beans Engineering, Birmingham, 100	Rover, Cardiff, 600
Coventry Engines No. 2, 50	Jaguar assembly, Coventry, 5,000
Swindon (TGWU only), 1,600	Swindon (AUEW only), 1,000
Cowley KD, 150	Coventry Engines No. 2, 2,000
TOTAL 35,000	Coseley Engineering Birmingham, 300
	West Yorks Foundries, Leeds, 1,000
	Butec Electric, Leyland, 250
	Wellingborough Foundries, 450
	*Speke, Liverpool, 1,000
	Cowley body toolmakers, 1,300
	TOTAL 30,700

* Voted to reject pay offer but also to reject strike call.

Sir Michael has a reputation for sticking to his word, and there is no apparent room for compromise. BL insisted last night that while the management was prepared to talk to the unions at any time, "there is no way that there can be an increase in the offer."

Union leaders and senior shop stewards meet in Coventry on Monday, to assess support for the proposed strike in pursuit of a 20 per cent pay rise.

Continued on Back Page

Brezhnev supports Polish co-operation with unions

BY CHRISTOPHER BOBINSKI AND ANTHONY ROBINSON IN WARSAW

MR. STANISLAV KANIA, the Polish Communist Party leader, returned from Moscow yesterday after securing the backing of the Soviet leadership for Poland's present policies of co-operation with the new independent unions.

Polish television news and the Soviet news agency Tass both reported last night that Mr. Leonid Brezhnev, the Soviet president, had "expressed the confidence of all Soviet Communists and of Soviet society that the Polish working class will resolve its acute political and economic problems."

The Polish TV commentary said that the meeting between the two leaders took place in an atmosphere "of sincerity and complete unity of views."

It also reported that economic matters played a large part in the Moscow discussions, and that the Polish side "had presented suggestions to ensure fuller utilisation of Polish industrial potential." Observers here interpreted this as a request for further Soviet supplies of food and of raw materials required by Polish industry.

Contrary to earlier speculation that Mr. Kania had been summoned to Moscow, the Poles said the meeting took place at Mr. Kania's request. The Polish leaders are believed to have expressed their concern at the latest East German restrictions

Union unrest spurs impatience: E. Germany makes Kania task difficult, Page 2

on Polish-East German travel, and reports that Czechoslovakia was about to do the same.

Leading members of the Soviet Politburo, headed by Mr. Brezhnev and Mr. Nikolai Tikhonov, the recently appointed Prime Minister, turned out at Moscow airport to welcome Mr. Kania and Mr. Jozef Pinkowski, the Polish Premier, with the traditional bear-hug embrace.

The visit was Mr. Kania's first to the Soviet Union since he took over the party leadership on September 6 from Mr. Edward Gierek.

The Polish leaders left Warsaw early yesterday and arrived back soon after lunch, in time to prepare for today's crucial meeting between the Prime Minister and the independent trade union leadership.

The trade union leaders, headed by Mr. Lech Walesa, were also meeting in Warsaw last night to prepare their position.

The unions have prepared a 10-point programme of requests, of which the five most important are full legal registration on the union's terms, the right to a trade union newspaper and access to the broadcast media, the registration of an independent farmers' union, more equitable distribution of wage increases, and a halt to the deteriorating situation in the shops.

Toyota sales profits declining

BY NICHOLAS COLCHESTER

FALLING profits at Toyota Motor Sales, the company responsible for world-wide sales of Japan's largest car manufacturer, suggest that the Japanese motor industry may be entering a more difficult phase.

Mr. Sadazo Yamamoto, president of Toyota Sales, predicted yesterday that the company's after-tax profit in the year ending March 31, 1981 would be down from Y34.3bn (£66.9m) to Y31bn (£60.4m). He noted that car sales inside Japan were dropping and feared that mounting protectionism abroad could slow export sales as well.

In the first half of Toyota Sales' business year, Japanese sales dropped by 7.9 per cent to 770,462 units. But this was more than compensated for by a 40.1 per cent rise in export sales to 916,499 units, to produce overall sales of 1.69m units—an increase of 13.2 per cent on the first half of the previous year.

Toyota's exports to West Germany more than doubled to 32,049 units. This total was matched by sales of 35,372 to Iraq, which had placed a large order for immediate delivery. Sales to Saudi Arabia rose by 36 per cent to 72,094 units and exports to the U.S. were up by 21 per cent to 348,700 units.

Despite the export-led rise in sales, Toyota Sales' profit in the first half dropped by 2.2 per cent to Y17.3bn after tax, taking earnings per share down from Y48.62 to Y42.26. The company said that during the period its earnings were hit by a foreign exchange loss of Y6.5bn because of the strength of the yen, an increase of Y5.5bn in interest costs, and a Y38.6bn increase in freight costs associated with the export drive.

Total sales for the first six months were Y1,831bn, up 16.5 per cent from Y1,572bn a year earlier.

Toyota Motor Sales is an associate company roughly 42 per cent owned by Toyota Motor, the manufacturer.

Further sign of recovery in U.S.

By Jurek Martin, U.S. Editor, in Washington

FURTHER EVIDENCE of the recovery of the U.S. economy from its summer recession came yesterday in the announcement that the Government's Index of Leading Economic Indicators had risen by 2.4 per cent in September over the August level.

The rise is the fourth in a row, after nearly a year of monthly falls. Designed to project future economic activity, the index's rule of thumb is that if it moves up or down for a minimum of three consecutive months a new economic trend has been established.

The index is probably too obtruse to have much political impact on the Presidential election next Tuesday. Although it tends to bolster President Jimmy Carter's case that the economy has turned round, he has generally tried to avoid an economic debate with Mr. Ronald Reagan, because too many of the other numbers (inflation and unemployment) can be more effectively used by his challenger.

But the rise in the index may aggravate the pre-election tension already evident on Wall Street. The markets are concerned that if the evidence of economic recovery is compounded today by a further surge in the money supply the Federal Reserve may have no alternative but to tighten credit, push up interest rates again and thus risk choking off the recovery.

On the Wednesday the commercial banks lifted their prime lending rates to 14½ per cent, an action delayed by 24 hours because the banks were unwilling to do anything controversial immediately before Tuesday night's televised debate between Mr. Carter and Mr. Reagan.

September's rise in the index, according to the Commerce Department's preliminary figures, follows a revised 1.7 per cent advance in August and a record 3.6 per cent rise in July.

The biggest contributor in the September figures was the improvement in the worker lay-off rate. Seven of the other nine available components also pointed to recovery.

£ in New York

—	Oct. 29	previous
Spot	$2.4375-4385	$2.4360-4370
1 month	0.57-0.52dis	0.47-0.41 dis
3 months	1.00-0.95 dis	0.92-0.86 dis
12 months	1.80-1.70 dis	1.45-1.52 dis

Cabinet may be split on further cuts

BY RICHARD EVANS, LOBBY EDITOR

A FIERCE rearguard fight by departmental Ministers over Treasury demands for further public expenditure cuts of more than £2bn is being planned at a special Cabinet meeting called by Mrs. Thatcher for next Tuesday.

This follows a 3½-hour Cabinet meeting yesterday when Ministers discussed the subject of the substantial further cuts required for next year, which threaten to divide deeply both the Cabinet and Conservative backbenchers.

No decisions were reached but it was clear afterwards that the Ministers whose departmental budgets are most affected are not accepting individual Treasury demands as justified or the battle as lost. The overall strategy of the need for further cuts was apparently accepted, but the means by which this is to be achieved remains to be decided.

Tensions within the Cabinet are more acute than at any time since the May, 1979, election, and the outcome of the negotiations over the next few weeks will determine the future direction of the Government. It is possible that Ministers will not be able to agree on a range of cuts that will amount to the total demanded by the Treasury.

Several more Cabinet meetings will be required after next Tuesday because of the complexity of the issues and the likely scale of the resistance. But the target date for completion of the review is the third week of November.

There is no sign of Cabinet resignations but these could be in prospect if Treasury Ministers win their battle to cut the defence budget by £400m to £500m.

The other vulnerable areas are social security, including unemployment and sickness benefit, prescription charges, housing construction, higher education and overseas aid.

The Government has already pledged to cut a further £1.5bn from the 1981-82 projected public spending total. But this will have to be exceeded because of the extra cost of Mr. Prior's proposals on youth employment, amounting to about £250m, and the additional cost of unemployment benefit.

The anxiety on the Tory back benches was shown in comments from Mr. Edward Heath, former party leader, made to Manchester businessmen yesterday.

The Government is likely to keep its present monetary target until next year rather than seek a partial relaxation of the current squeeze: Back Page. Commons defence committee asks Ministry to hand over copies of spending documents: Page 12

In his most outspoken condemnation so far of Mrs. Thatcher's economic strategy he said: "Your problems are greater than at any time since the 1930s. It can't be right that we see small businesses built up by hard work over generations now being forced into bankruptcy.

"It can't be right that great firms, among the most efficient in the western world, should find they are making losses because they cannot export because of the rate of the pound. . . . Neither of these things can be right in the world today."

Joseph in £1m share deal

BY CHRISTINE MOIR

MR. MAXWELL JOSEPH, chairman of Grand Metropolitan, the hotels and brewing group, has raised just over £1m from selling 646,000 Grand Met shares—about 10 per cent of his personal holding—over the past five days.

Mr. Joseph was not available to comment on the sale yesterday but a spokesman said that it had been made "to repay personal bank loans."

Part of the stake was sold at 164p and the remainder at 165p, the price at which the shares closed in the market yesterday.

Earlier this week, Mr. Joseph confirmed another personal deal by which he stands to raise just over £5m. He announced his intention of accepting an offer from Transport Development Group for his 23 per cent stake in Giltspur, an industrial holding company of which he was once chairman and is still a board member.

His decision surprised the market as Giltspur's Board had voted to reject TDG's offer.

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EUROPEAN NEWS

RENEWED UNION UNREST SPURS GROWING IMPATIENCE AMONG ALLIES

Poland tries to calm Moscow's suspicions

BY ANTHONY ROBINSON IN WARSAW

THE FIRST visit to Moscow by Mr. Stanislaw Kania since his appointment as leader of the Polish Communist Party proved to be a fleeting affair which brought him back to Warsaw only hours after his departure.

There was hardly time for a full-scale examination of the Polish situation by the Soviet leadership. This alone lends credence to Polish officials' insistence that Mr. Kania went to Moscow, not at the urgent behest of the Kremlin, but rather at his own request to explain the Polish position *at a crucial stage* in negotiations between the party, the Government and the new independent trade unions.

For over two months the Soviet Union and its allies have stayed on the sidelines watching the dismemberment of the official trade union structure and the growth of a new movement independent of party control. Over the past 10 days or so, however, they have been showing increasing signs of impatience and suspicion.

The catalyst for this change of mood appears to have been the angry trade union reaction to the arbitrary insertion of a new clause into the statutes of the Solidarity union specifically acknowledging the leading role of the party in the state.

Polish officials in Warsaw are at pains to play down the significance of this clause. They insist that it is in conformity with the spirit of the famous Gdansk agreements of August 31 and that the Government has kept its part of the bargain by registering the union and giving it legal status.

The union leaders, and their worker members, think otherwise. But while the labour movement in general considers itself to have been short-changed by the Government, there is considerable disagreement over how to respond. The more militant sections are pressing for strike action.

Some 35 of the 39 speakers at Tuesday's heated union meeting in Gdansk argued for a cautious approach and against the strike action threatened by more militant groups. The militants are headed by the Gdansk presidium, whose headquarters in the Hotel Morski is the nerve-centre of the new union movement.

The emergence of different strands of opinion within the union movement appears to have confused the former clear and simple ideas which gave such force to the movement's hitherto undisputed leader, Mr. Lech Walesa. After arguing strongly for moderation during his triumphant tour of southern Poland last week, M. Walesa eventually came down on the side of those who argued that the union should threaten a strike if Mr. Josef Pinkowski, the Prime Minister, refused to remove the offending clause at the meeting in Warsaw scheduled for today.

It is against a background of nervous neighbours, dissent within union ranks and growing shortages in the shops and of goods for export that Mr. Kania was invited to Moscow yesterday. The timing was highly significant. It underlines Warsaw's desire to secure Soviet understanding for events in Poland at a time when a crucial bargaining session affecting the future of unio-Government relation was imminent.

According to highly placed officials here, the Polish party is united in its acceptance of the new trade union movement as a potentially key element in what is described as "Poland's renewal within the framework of Socialism."

"We emphatically do not want to fight the new trade unions but co-operate with them for the good of Poland as a whole. We believe that if we Poles succeeded this, we will have a beneficial effect not only on Poland but on the entire international situation and on East-West relations," a top Polish official told British journalists accompanying Lord Carrington, the British Foreign Secretary, on his current visit to Hungary and Poland.

Today's talks between Government and unions in Warsaw were considered critical even before the Polish leader's trip to Moscow. The stakes have now been raised even further and the pressure on the union negotiators to find a compromise has become that much stronger.

For its part, the meeting of the Polish party politburo which Mr. Kania's tripto Moscow gave preceded the announcement of unmistakably clear signals that the "reformist" elements within the party who want to work with the new unions are in the ascendant. In return for acceptance of the "party supremacy" clause, pending a judgment on its validity by the Supreme Court, the party has clearly indicated its willingness to accept the full legal status of the new unions, increased access to the media, regular meetings between Government, party and union officials, consultation over economic and other policy matters and the other ingredients of Poland's putative "social contract."

Prague keeps up pressure

BY OUR VIENNA CORRESPONDENT

LEADING CZECHOSLOVAK officials in Prague have again drawn a parallel between recent events in Poland and those of "anti-Socialist forces" during the 1968 Czech crisis.

Mr. Karel Hoi Hoffmann, a Czechoslovak Politburo member and chairman of the country's trade union council, has sharply attacked the largest independent Polish union, Solidarity.

The Communist party's top ideological official, Mr. Jan Fojtik, also warned in a recent statement to the Communist International conference in East Berlin that the class enemy was trying to exploit the mistakes of the former Polish leadership for an attack on Socialism and Marxism-Leninism.

The statements come after three days of consultations between the Prague leadership and Mr. Andrei Kirilenko, secretary of the Soviet Central Committee, and one of President Leonid Brezhnev's closest colleagues in the Soviet politburo.

The official trade union newspaper, Prace, also stated that the new Polish union movement threatened to manipulate the masses against their interests, violate laws and abuse the confidence of working people.

East German warnings make Kania's task difficult

BY LESLIE COLITT IN BERLIN

Mr. Kania: Caught between Moscow and unions

The Soviet Union has largely left to its hardline allies the task of issuing warning about developments in Poland.

The East German leader, Herr Erich Honecker, recently raised fears over the Warsaw Pact's intentions towards Poland by saying East Germany and its friends would "make sure" that Poland remains a loyal ally.

He said Poland was confronted with the "subversive activities of anti-socialist forces" and noted that East Germany would remain "forever" at the side of Poles struggling to consolidate the "peoples' power."

Such militancy on the part of East Berlin places the Polish Communist Party under Mr. Stanislaw Kania in a difficult position. On the one hand he has been handed the job by Moscow to curb the power of the independent trade union movement. But in order to avoid further labour upheavals in Poland, the Polish leadership has said it fully supports the new unions.

East Germany's repeated attacks on the new unions for being "anti-socialist" is seen by Polish officials as serving to unite all Poles both inside and outside the Communist Party.

Moreover, East Germany's move on Wednesday to clamp down on private travel between the two countries—designed to prevent East Germans from being influenced by what their country's leadership calls "counter revolutionary elements" in Poland—has awakened old animosities between Warsaw and East Berlin.

A high-ranking Polish Communist official, Mr. Eugeniusz Guz, expressed Poland's resentment in an interview with West German television.

This angered the East German communists because millions of East Germans rely on West German TV for information.

Mr. Guz said the border restrictions had been imposed entirely at East Germany's insistence and that the Polish authorities "greatly regretted" the step. He said many Poles had reacted emotionally to the East German restrictions.

East Germany's reasons for the restrictions also aroused strong Polish emotions. A commentary published in all East German newspapers said the "temporary" border measures would last until the "situation in Peoples' Poland was stabilised." It noted that the Polish communists and all "genuine Polish patriots" could count on East Germany's "unqualified support" in solving Poland's complicated problems and in strengthening socialism.

To Polish ears this sounded as if East Germany was passing judgment on political developments in Poland and will try to influence them.

Under the new border restrictions, East Germans and Poles can now only cross their joint frontier after producing an invitation from friends or relatives in the other country which has been endorsed by East German police.

For East Germans, who are unable to travel to the West until retirement age, visa-free travel to Poland and Czechoslovakia since 1972 had helped them to feel less locked up inside their own small country. But now currency restrictions are limiting access to Czechoslovakia and travel to Poland has effectively ended.

Ecevit quits Turkish politics

By Metin Munir in Ankara

MR. BULENT ECEVIT, the former Turkish Prime Minister, yesterday left active politics indefinitely when he resigned as leader of the social democratic Republican People's Party.

Mr. Ecevit, who has been one of Turkey's most prominent political figures for the past 20 years, is believed to possible political reforms *proposed by the military* government

The new military government announced this week that it was considering legislation which would place a limit on how long politicians could serve as party leader. Mr. Ecevit has been chairman of the RPP since 1972.

Mr. Ecevit was detained with Turkey's other three top politicians after the military coup which aimed to halt growing political violence

Mr. Ecevit, 55, served as prime minister three times—in 1974 for nine months, in 1977 for one month and from January 1978 to the end of 1979.

The effect of the proposed legislation would be to prevent most of the present political party leaders from resuming their posts once civilian government is restored. Several of them are at present in jail including Professor Neemettin Erbakan and retired Colonel Alparslan Turkes.

Throughout that period Turkish politics were dominated by a power struggle between Mr. Ecevit and Mr. Suleyman Demirel, leader of the Right-wing Justice Party who led the government which was overthrown in the coup.

Mr. Demirel has so far made no comment on his own political future.

Mr. Ecevit said in a written statement announcing his resignation: "I decided to make my departure now as it seemed it would be inevitable in any case."

General Haydar Saltik, General Secretary of the ruling National Security Council, said after Mr. Ecevit and Mr. Demirel were released from their month long dentention that they would be treated like any other Turkish citizens as regards their future political activity.

EEC announces $10bn oil facility details

BY LARRY KLINGER IN BRUSSELS

A DETAILED plan for an expanded "oil facility" to help EEC countries in balance of payments difficulties was proposed yesterday by the European Commission.

The proposals call, as expected, for the facility's present ceiling of $3bn to be increased to $10bn and include the potentially controversial provision for *possible stiff conditions to be* placed on the recipient countries.

Under the facility, which was first established in 1975, the European Community can lend money to member countries suffering large balance of payments deficits related to energy

The new proposals do not specify where the money is to be raised, suggesting only that funds might be raised from "third countries, financial institutions and capital markets." But it is probable that the Community would go directly to oil-producing nations, before resorting to world capital markets.

It is uncertain when the plan could be put into effect. The Commission would like to present it for approval by the Council of Finance Ministers as soon as possible. However, the proposals must first be reviewed by the EEC Monetary Committee and the European Parliament. The next Finance Council is set for November 17.

Nevertheless, the Commission is confident of eventual approval since, as a spokesman said yesterday, there "was a strong consensus at the Council meeting in April."

However, while the document presented yesterday was vague on the subject of "conditionality," leaving all decisions to the Council of Ministers at the time the facility might be taken up by a member-country, it does include possibilities for further Community involvement in member-countries' domestic economic policies.

The plan proposes that the Council shall decide "the economic policy conditions attaching to the loan (and) the techniques for disbursing the loan which may be paid in one amount or in several instalments: in the latter case, the payment of successive instalments may be subject to compliance with economic policy conditions."

The proposals also state that "where a member state receives a loan, the Commission, in consultation with the Monetary Committee, shall take the necessary measures to verify, at regular intervals, that the economic policy of this State accords with the conditions laid down by the Council.

"And, where appropriate, shall pay the successive instalments on the basis of the development of the adjustment programme. To this end, the member state shall place all the necessary information at the disposal of the Commission. The Council shall decide on the adjustments to be made to the initial economic policy conditions."

The Monetary Committee has indicated in the past that it favours a range of lending conditions that would relate to the recipient's problems.

Sweden to close shipyard

BY OUR STOCKHOLM CORRESPONDENT

THE directors of Sweden's state-owned shipyard group, Svenska Varv, voted yesterday to press ahead with the closure of the ailing Öresund yard in Landskrona, despite strong union opposition.

The decision had been expected, and the close down is expected to begin immediately and be completed in 1983 at the latest. There are orders for two bulk carriers and two ferries whoch are expected to fill capacity until the middle of next year.

At present, only about 900 of the yard's 2,300 strong work force are actively working and the question now is how much money the board can secure from the government for retraining. It is understood to be seeking an initial SKr 600m (£58m). The yard is Landskrona's only major industrial employer.

The decision comes despite the failure of the government, which has only a one vote majority, to secure parliamentary approval for the closure

OECD forecasts further steel job losses

BY TERRY DODSWORTH IN PARIS

THE CURRENT crisis in the Western steel-making industry has already forced companies in the U.S. and Europe to axe 100,000 jobs during the course of this year, and will lead to considerable further reductions in the next few months.

This gloomy outlook emerged yesterday from a meeting of the Organisation for Economic Co-operation and Development's steel committee, which said that *the industry was now in the grip* of the second worst production slump since World War 2.

Total steel output in the OECD area in the third quarter was 15 per cent below the same period last year, while demand in many of the main OECD countries was still falling.

The figures come on the eve of talks in Luxembourg aimed at setting national production quotas for the European industry. They show that the current round of job cuts has been particularly severe in the OECD area and this year's figures compare with 38,000 in 1979, and a total of 190,000 in the 1974-78 period.

The *steel committee was set* up two years ago to act as a forum for Western governments in their efforts to co-ordinate the ratinalisation of production which was going on throughout the industry.

Following yesterday's meeting, Mr. Bob Hormats, committee chairman and U.S. deputy Special Trade Representative, said that the committee had agreed that the present situation underlined the need to accelerate this reorganisation and bring capacity more in line with long-term demand.

The current decline in production mainly reflects reduced demand for steel within the OECD area. *But as well as re*duced demand there is a continuing need for structural change in the industry.

Mr. Hormats stressed the committee's view that reorganisation of the industry must be an integral part of any action to limit free trade in steel within the OECD area.

The recent American decision to bring back the trigger price mechanism to control steel imports, has been well received by other countries, he added. The U.S. administration has made it clear that the steps would be accompanied by efforts at restructuring

Similarly, the U.S. has *indicated to European countries* that the proposed Luxembourg measures are acceptable, but should not lead to increased exports to America, or undue restrictions on European imports.

West German economy 'solid,' say Swiss

By John Wicks in Zurich

SWITZERLAND sees no lasting weakness in the D-Mark's exchange rate, and has seen no reason to participate in interventions to support it, Dr. Pierre Languetin, speaking for the Swiss National Bank's directorate, said in Berne yesterday.

He attributed the current situation to the difference between U.S. and West German interest rates, and stressed the "solidity and equilibrium" of the West German economy.

In the first three quarters of this year, the National Bank had sold a total of SwFr 7.4bn-worth (£1.8bn) or dollars for general intervention purposes. Of this sum, SwFr 5.9bn was accounted for alone by the first quarter, when the Swiss franc itself was weak.

Dr. Fritz Leutwiler, the bank president, said the National Bank had been asked by the Federal Council which form of possible future "bank client tax" would have least economic and monetary disadvantages.

The least disadvantageous alternative would be the introduction of a "limited" withholding tax on fiduciary accounts. The National Bank was starting to feel concerned at the rapid growth of this sector of banking business.

But the bank was decidedly opposed to the suggested imposition of a 35 per cent withholding tax on domestic holders of foreign bonds denominated in Swiss francs.

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Rupert Cornwell in Rome assesses Italy's 40th post-war Government

Another fragile political child is born

POLITICS IS no exception to the general rule of Italian life that numbers on their own are not to be trusted. So it has proved with the launch of the new Government of Sig. Arnaldo Forlani, the 40th administration formed here since the end of the Second World War.

His theoretical parliamentary majorities, of 188 to 120 in the Senate, and of 362 to 250 in the Chamber of Deputies, might make Mrs. Margaret Thatcher of Britain or Chancellor Helmut Schmidt of West Germany envious. Yet the early signs are that, despite the Government's mroad base, this latest coalition of Christian Democrats, Socialists, Social Democrats and Republicans—the classic centre-left formula of the mid-1960s and early 1970s—may be as fragile a creature as most of its predecessors.

The enthronement of the Government is part of a peculiarly bewildering period in politics here, an instructive lesson on how unwise it is to make any prediction with a life span of more than 24 hours. A month ago, Sig. Forlani's predecessor as Prime Minister, Sig. Francesco Cossiga, fell victim to a parliamentary ambush. The Communist Party was rampant, the Fiat crisis was in full swing, and events then seemed a severe setback for the ambitions of Sig. Bettino Craxi, the Socialist secretary, to establish his party as a real third force in Italian politics.

Then everything was turned upside down. What looked one of the trickiest crises of recent times was settled with great acumen by Sig. Forlani, the Fiat dispute was suddenly resolved in a way which threw the Communists into disarray. Sig. Craxi, for his part, struck back with the energy and ruthlessness which are his hallmark. The rebellious Socialist left was routed from the party's higher councils, and an alliance was forged with the smaller Social Democrats, which might be the first step towards a new centrist grouping, less conditioned by Italy's two political superpowers, the Christian Democrats and Communists.

Sig. Craxi: energy and ruthlessness are his hallmark

But that was a week ago. Since then, things have gone haywire again. Sig. Craxi used his speech in the confidence debate to reopen the argument on abortion, a topic which is dynamite in a country where the Vatican is just two kilometres from the national Parliament, and where the historical divisions between Catholic and anti-clerical parties have never been healed. Meanwhile, yet another scandal, this time over alleged fraud worth possibly L2,000bn (£914m) over unpaid duty on petroleum products, is simmering away. Its consequences are unpredictable.

These swings and roundabouts are, of course, a consequence of the general election stalemate in June, 1979, when no party scored a clear-cut victory or suffered a clear-cut defeat. Indeed, Sig. Forlani, one of the wisest of the present Christian Democrat leaders, has been well aware of this, and only with some difficulty was he persuaded to give up the safe and influential position of party president to take on the infinitely risky post of Prime Minister.

His misgivings were clear in the sombre, pessimistic speech he made on Wednesday night, winding up the Senate debate on his government. Sig. Forlani warned of a world walking on the edge of catastrophe, and of an Italy which should pay close heed to what has happened in Chile and Turkey, not to mention the gathering economic difficulties which the new Government is due to tackle any day now. Most ominous of all, perhaps, was the fact that he felt obliged to appeal for unity between the four coalition parties, without even the few weeks of honeymoon which an incoming government usually enjoys. The reasons, however, were clear.

Sig. Craxi's onslaught on the Church for its encouragement of the move to put the existing 1978 abortion law to a referendum, for which 2m signatures have already been gathered, is plainly an attempt to put distance between the Catholics and the "lay" centrists he hopes will propel him one day to the Prime Ministership.

Even a more disciplined Socialist Party is therefore likely to be as uncomfortable an ally for the Christian Democrats as ever. The oil affair, for its part, has proved that scandals, like short-lived governments, are a constant of Italian political life. The exact motives behind this one are not yet clear. But Sig. Antonio Bisaglia, the powerful Christian Democrat Industry Minister, has already issued a blanket denial of any involvement, and the Press is in full cry after the supposed political "godfathers" who lent their protection to the alleged fraud.

At a more mundane level, it is symptomatic that nearly five months after last June's local elections, several regional governments have yet to be formed. In Calabria and Sardinia, two of the most economically depressed regions, a veto from Christian Democrat headquarters in Rome has over-ridden the wishes of the local party's wish to join forces with the Communists to tackle acute local problems. This could easily exacerbate divisions not only between Christian Democrats and Communists nationally, but also between factions within the ruling party.

Such is the uncomfortable inheritance of Sig. Forlani. Its most prickly part almost certainly will be abortion. Indeed, some are already drawing the parallel between events now and in 1976, when the desire to avoid a divisive referendum on the subject was an ingredient in the early general elections that year.

Could history repeat itself? Sig. Craxi has been busily downplaying his remarks, and the Prime Minister has vowed to try to keep his government above the fray. "Some people may think Paris is worth a Mass," he observed in his speech. "But there are other, better people for whom a Mass or otherwise is worth far more than Paris." The best hope of avoiding a referendum perhaps lies in an agreed new Bill to amend the existing, moderately permissive, legislation. But that, too, will be difficult.

In the meantime, although predictions are impossible, simple arithmetic might suggest that a general election may come in 1981. Once, Parliaments lasted their full five years, then four years, then in the case of the 1976 one, just three. The lifespan of the 1979 Parliament might thus be simply calculated.

Nine killed in Peking station explosion

TERRORISM has apparently come to China with a blast at Peking Railway Station, which killed nine people and wounded 81 others, Tony Walker reports. Xinhua, China's official news agency, reported that the blast had been caused "by an explosive charge brought into the railway station by an unknown person." This is the first recorded act of terrorism in the People's Republic for a number of years.

The brief agency despatch said the blast occurred on the second floor of the station. One man died on the spot. According to the agency report, the railway station was only lightly damaged, and trains kept running as normal. No motive for the bombing was suggested.

Sihanouk leaves China

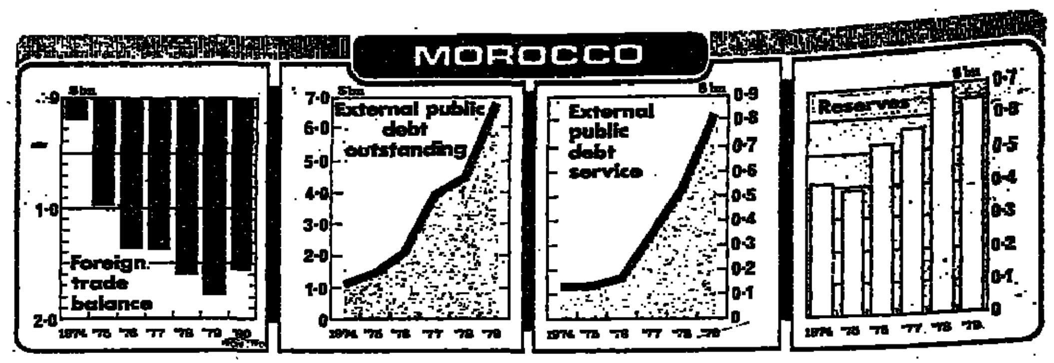
Prince Norodom Sihanouk, the former Kampuchean head of state, left Peking for Pyongyang, North Korea, yesterday, reaffirming that he would remain exiled in China and North Korea, and stay completely out of politics, Reuter reports from Peking.

Korea students held

At least six students were arrested after riot police wielding batons charged a crowd of 250 demonstrators calling for the resignation of President Chun Doo-Hwan, at Yonsei University yesterday, Reuter reports from Seoul.

Diego Garcia anger

Sir Seewoosagar Ramgoolam, Mauritius' Prime Minister, yesterday attacked as "unreasonable" Britain's rejection of his call for the return of Diego Garcia, the Indian Ocean island used as a military facility by the U.S., AP reports from New Delhi.



IMF helping Morocco with payments problems

BY FRANCIS GHILES

THE International Monetary Fund has launched its second-largest attempt to rescue a developing country facing severe balance-of-payments difficulties, by giving a three-year SDR 810m ($1bn) stand-by credit to Morocco. This follows the $1.65bn credit for Turkey last June to help that country over severe balance-of-payments and debt-rescheduling difficulties.

High defence spending because of the Western Sahara war, which started in October 1974 and shows no sign of ending, rising oil prices, and declining world prices between 1976 and 1979 for phosphates, Morocco's main export, have combined to make life difficult for Morocco's planners and bankers.

The problems were aggravated during the last five-year development plan (1973-1977), when the planners gambled that they could increase capital investment sharply even after the abrupt rise in the price of oil and the fall in the price of phosphates.

The brakes were slammed on in the summer of 1978, and imports were severely curtailed. Prices were also increased for most capital goods and staple products. The result has been an economic depression.

The Fund's stand-by credit is part of a larger agreement providing balance-of-payments support to Morocco. It will be financed from the Fund's ordinary resources (SDR 210m) and from borrowings in the supplementary financing facility (SDR 600m). The kingdom will also draw its first credit tranche with the Fund, which amounts to SDR 37.5m. Morocco will thus have at its disposal a total of SDR 847.5m.

The kingdom's payments deficit has grown steadily in the past seven years. The current account deficit alone more than doubled between 1975 and 1979, to Dirhams 6bn ($1.6bn). It could be as high as $1.8bn this year, representing 9 per cent of gross domestic product.

Despite a 46 per cent increase in exports during the first six months of 1980, the trade deficit has increased slightly to Dh 3.5bn ($875m), but the Moroccan authorities hope to hold the deficit for the year to $1.25bn.

Morocco's hard currency reserves, which have never been high enough for comfort in recent years, plunged during the first nine months of 1980 from $642m to an estimated $270m, which covers about six weeks worth of imports.

Over the past six years, the hard currency debt has increased more than five-fold, to a projected $7bn by the end of 1980, while external public debt servicing is projected at $937m for 1980. The debt service ratio, calculated as a percentage of exports and net transfer payments, has risen from 4.9 per cent in 1974 to 21.19 per cent last year. It is not expected to move up much this year.

The official external debt figures are believed to include all debt incurred on the military account which has a maturity of more than 12 months. They do not include shorter-term facilities, especially those made available by some Arab countries, among them Saudi Arabia, which may be substantial. Moroccan borrowers have so far arranged one $250m Eurodollar credit this year and another $150m is being completed. *Just over a third of the external debt is accounted for by Eurocredit financing.*

Morocco can derive some comfort from the near doubling of phosphate prices—to $46 a ton—during the first six months of this year. But the war in the Sahara goes on and oil prices look likely to rise further. The economic cure could be long and painful.

Irish balance of payments deficit forecast to fall in short term

BY STEWART DALBY IN DUBLIN

IRELAND'S BALANCE of payments deficit is expected to fall in the short term, along with inflation, but is likely to rise again subsequently, according to the latest quarterly bulletin from the central bank.

With the major components of expenditure — private consumption, investment and industrial exports—all appearing to be in decline, the balance of payments deficit could be lower than the I£630m (£560m) forecast in the last bulletin. This compares with the I£730m (£650m) achieved in 1979. That level was considered to be unsustainable given that Ireland has reserves of only I£970m and a gross national product of around I£8.3bn (£7.4bn).

The central Bank says that the reduced deficit this year should not lead to misplaced confidence because the underlying balance of payments position is still not healthy. When agricultural destocking ends, agricultural exports will be reduced, says the bulletin, and when the rundown in non-agricultural stock ceases to depress demand, imports will rise. Both developments are likely to occur next year and could easily lead to a renewed widening of the payments deficit.

On inflation, the Bank says it is adhering to its earlier forecast of an 18.8 per cent year-on-year increase on current trends. Indirect tax increases accounted for about half the rate of increase in the last quarte so a fall in the rate was to be expected.

The Bank seems to feel that, with a fall-off in the rate that prices are rising in all commodity groups, there could be an easing of inflation providing there are no further sharp rises in the price of oil or in indirect taxes.

This is good news for Mr. Charles Haughey, the Irish Prime Minister, who faces the first critical test of his premiership in a by-election in Donegal on November 6.

Less cheering for him, however, is the Bank's forecast that the Exchequer borrowing requirement will top Ir£1.1bn (£980m) compared with the budgeted figure of Ir£896m (£800m). This means a public sector borrowing requirement of the order of 14 per cent. The Government had promised to reduce it to arounod 7.4 per cent.

Barre urges caution over IMF aid to Third World

BY BRIJ KHINDARIA IN GENEVA

WORLD-WIDE inflation will worsen if the International Monetary Fund expands liquidity too quickly through its efforts to increase lending to developing countries, M. Raymond Barre, the French Prime Minister, said here.

Addressing a private meeting at Geneva's School of International Studies yesterday, M. Barre said the IMF should exercise great caution in the way in which it uses recent reforms which allow it to raise more money and place less stringent terms on loans.

M. Barre also called for prudence in giving commercial banks a larger role in transferring surplus revenues from oil exporting nations to developing countries.

"Private re-cycling of capital has to have limits or the international banking system's solvency will be jeopardised," he said.

The oil-exporting countries and East European countries must shoulder a larger share of financial aid to the Third World. Despite economic troubles, members of the Organisation for Economic Co-operation and Development, which groups 24 industrialised countries, gave $22bn in official aid to developing countries last year, compared with about $5bn given by oil exporters and less than $2bn given by the Soviet Union and its East European partners.

M. Barre described as unrealistic a proposal made by the Brandt Commission to create an international tax *whose proceeds would be given* to poorer nations.

Developing countries should voluntarily control sensitive exports such as textiles and steel to stem the industrialised nations' increasing trend towards protectionism," M. Barre said.

Chairman's award

Sir David Barran, chairman of the Midland Bank and former top Shell executive, is to receive the Commonder's Cross of the West German Order of Merit next week, in recognition of his work for the research and friendship organisation, the Anglo-German Foundation.

N. Sea warning by Danish Government

By Hilary Barnes in Copenhagen

THE DANISH Government has warned the A. P. Moeller company that it will use legislation to recover by 1985 the rights to all so far unexplored areas of the Danish sector of the North Sea, if the company will not reach an agreement voluntarily.

Moeller has a 50-year exclusive concession, signed in 1962, to search for hydrocarbons in the Danish sector. It exercises the concession with the Danish Underground Consortium which includes Shell, Chevron and Texaco.

The Government is believed to have presented a draft agreement to the company under which 50 per cent of the unexplored areas would be returned on January 1, 1982, and the remainder on January 1, 1985. It also wants a guarantee that all *oil and condensates from North* Sea oilfields will be piped to Denmark through a State-owned pipeline at a tariff to be set by the Government.

The State is further demanding a right to purchase half of all hydrocarbons produced by the DUC at the going market price. It makes no claims to the oil and gas fields already found by the consortium.

Civil servants strike in Greece

BY VICTOR WALKER IN ATHENS

GREEK CIVIL servants begin a 48-hour strike today to back demands for automatic wage and salary adjustments in line with the cost of living and a five-day week. The co-ordinating committee of civil service unions says the strike will involve 200,000 employees of ministries, local authorities and public services, including school teachers.

Meanwhile, annual negotiations on a new collective wage agreement opened yesterday between the Greek General Confederation of Labour and employer organisations in the private sector. The automatic link between incomes and inflation is top of the list of union demands.

The Confederation has warned it will call a 24-hour general strike if agreement has not been reached by the middle of November.

Today's stoppage by civil servants coincides with a three-hour strike called by bank employees in the Athens area. They, too, are demanding automatic pay adjustment and threaten a series of nationwide two-day and three-day strikes next month.

The insistence of both public and private sector unions on tying incomes directly to the cost of living follows two successive years in which annual salary increases negotiated in percentage terms have failed to keep pace with a 25 per cent inflation rate, and the admitted prospect that inflation will be at least as high in 1981.

OVERSEAS NEWS

South Africa to streamline race laws

BY QUENTIN PEEL IN JOHANNESBURG

SWEEPING CHANGES to streamline South Africa's race laws and the massive bureaucracy which controls the lives of all urban blacks in the country were proposed by Dr. Piet Koornhof, the Minister of Co-operation and Development, yesterday.

They are aimed at making black workers more mobile within urban areas, while tightening the enforcement of influx control, which rations the numbers of rural blacks allowed into "white South Africa."

At the same time, the South African Government published new rules for the extension and consolidation of the tribal homelands, intended to respect economic rather than political priorities.

The three draft Bills published today by Dr. Koornhof's department, which is responsible for all regulations affecting the majority black population of South Africa, would scrap the present laws enforcing influx control, and replace them with restrictions based solely on employment and housing.

The proposed reforms are intended to implement the recommendations of the Riekert Commission, which sought to modernise and make more economically efficient the whole apartheid system.

Whereas previously, blacks were only allowed to stay in urban areas if they had been born there, or worked there for at least 10 years for one employer—or else were simply there as contract migrant workers from the tribal homelands—the new rules simply stipulate that blacks in urban areas must have a job and adequate housing.

They also propose to extend the present restriction on blacks visiting urban areas from 72 hours to 30 days.

Dr. Koornhof said the reforms were intended to do away with the daily enforcement of pass laws, which result in some 700,000 prosecutions every year for technical offences. He promised that the passes themselves would shortly be replaced by new identity documents similar to those carried by whites.

The Bills also contain plans for black urban councils to be placed on a par with white councils—although still subject to a white bureaucracy.

Greater labour mobility will be provided by reducing the number of black administrative areas from the present 600 to only 14—within which urban blacks will be allowed to move relatively freely.

Kaunda reports Pretoria tanks on Zambian border

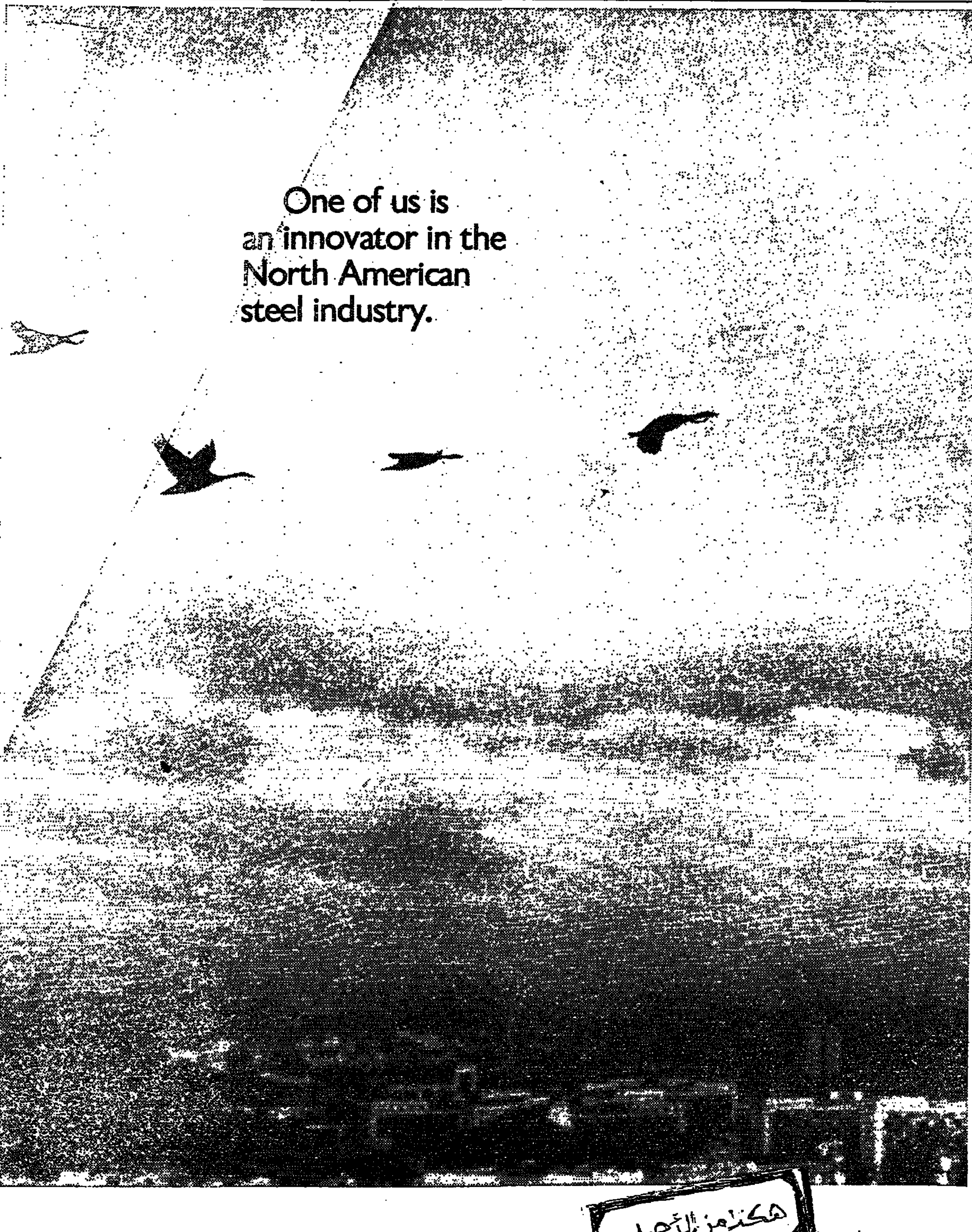
BY MICHAEL HOLMAN IN LUSAKA

PRESIDENT Kenneth Kaunda of Zambia yesterday elaborated on his claim that South Africa had backed efforts to overthrow the Zambian Government in mid-October.

He told a crowd of several thousand supporters in the grounds of State House that the South Africans had "tanks, troops and armoured cars" opposite the Zambian border town of Seshake, ready to move in support of the plotters.

Earlier this week Dr. Kaunda alleged that a group of Zambians had hired a gang of "Kanangese gendarmes" from Zaire to seize strategic installations on the night of October 16. Zambian security forces forestalled the plot. About 12 leading Zambian citizens and three military officers are at present in detention.

Dr. Kaunda alleged that South Africa had helped arm the gang. He told the crowd the ringleaders would appear in court, but gave no date.



Roger Matthews reports from the front in occupied Iran

A sniper's reply to the fall of a city

KHORRAMSHAHR, until six weeks ago Iran's premier commercial port and home for 300,000 people, is now a devastated and still disputed city.

The first journalists to penetrate beyond the port area since the Gulf war began can confirm that Iraq is in command of the northern part of the town which it has re-named Mohammara.

But on the southern bank of the Karun River, which bisects the town from east to west, there is still resistance from Iranian forces. The Iraqis describe the south bank as Abadan, although the centre of the oil-refining town is some five miles from the most forward Iraqi positions on the northern bank. The refinery area is further south still.

Iranian snipers control the vital 250-metre city-centre bridge in Khorramshahr and no attempt has yet been made to storm it.

The group of international reporters taken to the north bank of the Karun yesterday to confirm the often-repeated Iraqi claims to have captured Khorramshahr, twice came under sniper fire and were pinned down for some time.

Three reporters returning from local command headquarters were caught in the open with bullets kicking up the dust near them and had to crawl on their stomachs, then sprint their way to relative safety under heavy Iraqi covering fire.

Slightly further to the rear, a mortar bomb later crashed into the roof of the civil Governor's office which was captured by the Iraqis after recent and heavy house-to-house fighting. The bomb exploded little more than 40 yards from where the visiting party was waiting to leave.

Scarcely a house or building in Khorramshahr seems to have escaped the damage. Where holes have not been blasted in the sides of buildings they have been badly damaged by small-arms fire. The streets are pockmarked by shell blasts, unexploded mortar bombs are often imbedded in the road, telephone and electricity lines torn down and trees cut off at the trunk.

During a tour of the city, only five civilians were seen—four elderly people and a small child. The huge exodus of Iranians that must have taken place is illustrated by the presence of only the occasional burned-out and bullet-ridden car.

The interiors of once-prosperous homes have also been torn apart although they have not yet been emptied of everything.

At one checkpoint yesterday, an army lorry had been stopped by military police and was being forced to unload its haul of booty.

The port area has also been badly hit. Five ships have in the past week been moved further up the waterway to take them out of range of Iranian artillery but two remain tied up against the quay.

Many thousands of containers are stacked in one area of the port, some empty, others blackened by fire, and still more emptied by the advancing forces. It is understood that the combination of damage to buildings and the silting up of docking areas, previously dredged weekly, will mean that the port will be out of action for some period after a peace agreement.

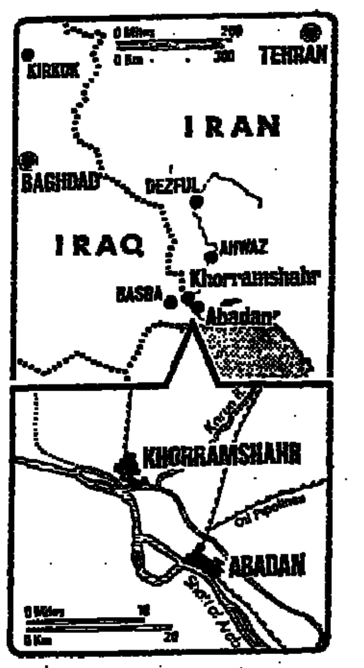
But even a ceasefire still seems far away. Against the background of intermittent artillery exchanges, Iraqi engineers were yesterday working to complete the resurfacing of the road that leads from the border into Khorramshahr.

Surface-to-air missile batteries had been brought up and amphibious vehicles were also being transported towards the front line.

Any peace settlement is also bound to be complicated by the huge damage that Iranian cities have suffered. It will take years of substantial investment before Khorramshahr can return to its previous state and it is likely that Abadan and its adjoining refinery are in a similar condition.

It will be difficult for the Iranians to hold out in Abadan for much longer. The island is virtually surrounded and cannot be resupplied. Iraq can therefore continue to lob shells into the town and any decision to move in on foot will have to be taken by the political leadership in Baghdad.

Meanwhile, Iraq continues to attack Dezful and Ahwaz, the two other principal towns in the oil-rich province of Khuzestan, referred to in Iraq as Arabistan.



Iran may find Shah's fortune is a mirage

BY ANDREW WHITLEY IN WASHINGTON

The late Shah
Informal checks on his U.S. assets have "turned up very little."

THE LATE Shah of Iran's fortune may be a mirage, at least as far as his wealth in the U.S. is concerned.

U.S. Administration officials appear to have grasped this fact. At the same time they are well aware it will be extremely difficult to convince the Iranian revolutionaries demanding the return of "the Shah's property looted from Iran."

Although this demand was one of the four key conditions outlined by Ayatollah Khomeini on September 12 for the release of the 52 U.S. diplomatic hostages, the U.S. Government has not yet formally checked the full extent of the former ruler's assets in this country.

Officials involved in the current freeze on $8bn worth of Iranian government assets say there would be no legal obstacle to the President issuing a similar order to the banks requiring them to reveal, in confidence, any holdings in the name of Mohammad Reza Pahlavi and his immediate family.

The absence of banking secrecy regulations, like those applied in Switzerland and elsewhere, would allow even "blind" trust accounts to be covered. Officials are confident, therefore, that they could get a full and accurate picture of the Shah's holdings.

Such a census would be much simpler and therefore quicker to complete than the earlier one, when the banks were given 30 days to comply. The biggest problem would be in deciding where to draw the line among the Shah's relatives.

Publicly, the Administration's position is that it is awaiting the outcome of the current parliamentary debate in Tehran on the hostages before deciding on its next steps. In the meantime it repeats blandly—and not wholly convincingly—that the U.S. courts are open to any action Iran may wish to undertake to recover the Shah's wealth.

Eleven months ago, the Iranian Government launched a suit in the New York State Supreme Court for $20bn it said the Shah and Empress Farah had stolen, and a further $35.5bn in punitive damages. But the evidence presented to justify the claim was scanty.

One key official confirmed yesterday that informal checks on the possible extent of the Shah's U.S. assets have already been carried out at the direction of the White House. These "turned up very little" he said.

During Iran's boom years in the 1970s, the Iranian royal family, probably including the Shah himself, made substantial investments in the U.S.

However, some people close to the royal family insist that the Iranian monarch owned very little in the U.S. Just before his death, in contrast with his property in Europe and Iran. On the other hand, three of his sisters—Ashraf, Shams and Fatima—are all known to own substantial amounts of land and property here.

A widespread feeling within the Administration is that whatever liquid assets the Shah had in the U.S. in the form of bank deposits and short-term bills when the hostages were taken a year ago have already been transferred out of the country, in anticipation of the kind of controls which may come within the next fortnight.

What remains is unlikely to satisfy Tehran's original demands for the return of the Shah and his wealth. Their estimate ran anything between 200m and several bn dollars, depending on whether his former assets within Iran and those controlled by his charitable trust, the Pahlavi Foundation—now nationalised and renamed the Alavi Foundation—are included.

Control over the holdings of the Pahlavi Foundation in the U.S., a charity registered separately from its Iranian parent, has already reverted to the present Iranian authorities. Between $50m and $100m was involved.

A strong clue to Tehran's present mood came on Monday from Mr. Ali Shams-Ardekhani, Iran's ambassador to the United Nations and a confidante of the religious leadership. "What's important," he said, "is that the U.S. would agree or make a pledge that upon finding the Shah's money which had been inappropriately taken by him, the U.S. would not hinder anything returning."

That is certainly a condition the U.S. is able to meet, and one on which the Administration is prepared to be helpful. But the certain disappointment in Tehran once it became public knowledge that the safe was empty could well prompt the reaction that the U.S. had connived to cheat Iran once again.

Hardliners foil Majlis debate on hostages

By Our Foreign Staff

THE LACK of a quorum in the Iranian Parliament which yesterday prevented discussion of the terms for the release of 52 American hostages was the result of a manoeuvre by hardline Deputies, according to Majlis (Parliament) members.

Only 162 Deputies—18 short of a quorum—were available, and the hostage issue is now to be discussed in public session on Sunday. The dissident deputies who want to put off the debate are apparently drawn from both the Right and Left-wing factions in the Parliament.

"The Majlis will not accept blackmail," said Ayatollah Sadeq Khalkali, the powerful revolutionary judge, after the abortive debate. "This is disruption."

With the debate on the conditions of release for the hostages now to take place only two days before the U.S. Presidential election, it looks increasingly unlikely that a decision will be finally reached before Americans go to the polls.

Phalange tightens its grip

BY ISHAN HIJAZI IN BEIRUT

THE PHALANGE, Lebanon's principal right-wing paramilitary organisation, has expanded its control in predominantly Christian areas of Beirut by capturing the south eastern suburb of Ain El-Rummaneh.

After four days of fierce clashes, the Phalangists' militia on Wednesday overran all positions of the rival rightist National Liberal Party of former President Camille Chamoun.

About 300 NLP militiamen were forced to escape to predominantly Moslem West Beirut, some of them still dressed in their pyjamas, among them was the local Militia commander, Elias al Hanash.

The regular Lebanese Army did not interfere in the fighting, causing nation-wide concern. Hundreds of regular troops have been stationed in Ain El-Rummaneh since a previous round of inter-rightist fighting last year.

The latest clashes were a sequel to a major round of fighting last July when Phalangist forces suppressed the NLP in three main Christian districts of Lebanon, Kesrouan, Byblos and al Maten.

Mr. Chafik al Wazzan, the new Prime Minister, demanded a written report about the Ain el-Rummaneh affair from Maj.-Gen. Victor Khoury, the army Commander. Mr. al Wazzan, whose government has yet to receive parliamentary approval, was meeting Thursday with General Khoury and Brigadier Mounir Torbey, the Chief of Staff.

Chadli pardon for Ben Bella

ALGIERS—President Chadli Benjedid of Algeria has lifted all "particular measures" restricting the freedom of the country's first President, Ahmed Ben Bella, 64, it was officially announced yesterday.

The measure was taken on the occasion of Saturday's 26th anniversary of Algeria's revolution against French rule, the announcement added.

President Chadli also pardoned Mr. Tahar Zbiri, a former member of the Governing Council of the Revolution, who led an abortive revolution in 1967. Mr. Zbiri is understood to have returned to Algeria from exile last year.

Agencies.

Fraser warns on sudden change

BY PATRICIA NEWBY IN CANBERRA

INVESTMENT IN Australia's resource and infrastructural development would need to be spread over time, to avoid inflationary pressure and maintain economic stability, **Mr. Malcolm Fraser**, Australia's Prime Minister, said yesterday.

It is the first time Mr. Fraser has acknowledged publicly that the large amount of development proposed for Australia in the 1980s could cause problems for the domestic economy.

FINANCIAL TIMES
AUSTRALIA-
THE ATTRACTIONS
FOR FUTURE
INVESTMENT
CONFERENCE

Delivering the opening address to the Financial Times conference in Melbourne on "Australia—The Attractions for Future Investment," Mr. Fraser said his Government wanted to avoid sudden, big changes.

"It may be more a matter of the speed at which economic change is to be permitted rather than any absolute prohibition," he said.

Federal and State Governments had agreed on the need to integrate infrastructure expenditure to ensure that resources such as skilled labour and capital were not subjected to demands that would add to inflationary pressure.

Mr. Fraser confirmed his Government's commitment to fighting inflation (at present 10.2 per cent) and reducing Government expenditure to create the climate conducive to investment.

He warned, however, of likely wage pressure in the next few years, and said Australia would be looking for more migrants to supply skill shortages.

There was a limit to the restrictive measures his Government could adopt, because of the three-year electoral cycle. It was already clear that Australians were demanding an improvement in living standards and reduction in taxation.

"It may be that, with a five-year electoral cycle, Mrs. Thatcher's Government's tasks will be easier," he said, adding: "Though it would be remarkable indeed if a significant turnaround in real growth can be achieved in the UK in much less than five years."

Mr. Gordon Jackson, general manager of Australia's sugar and mining giant, CSR, also warned of likely inflationary pressure caused by inflow of foreign investment.

He urged the Government to back off from the domestic loan market, to allow the private sector to increase its share of investment from that source, and called on the Government to follow conservative fiscal policies to restrain inflation.

Mr. Garrick Agnew, the Perth businessman behind moves to found Australia's first new bank for 40 years, told the conference that inflationary pressure could be eased by Australia becoming a capital exporter.

If taxation and foreign exchange impediments were lifted Australia could become a significant financier to South-East Asian countries. This would have political as well as economic benefits, as it would off-set some resentment towards Australia's high tariffs.

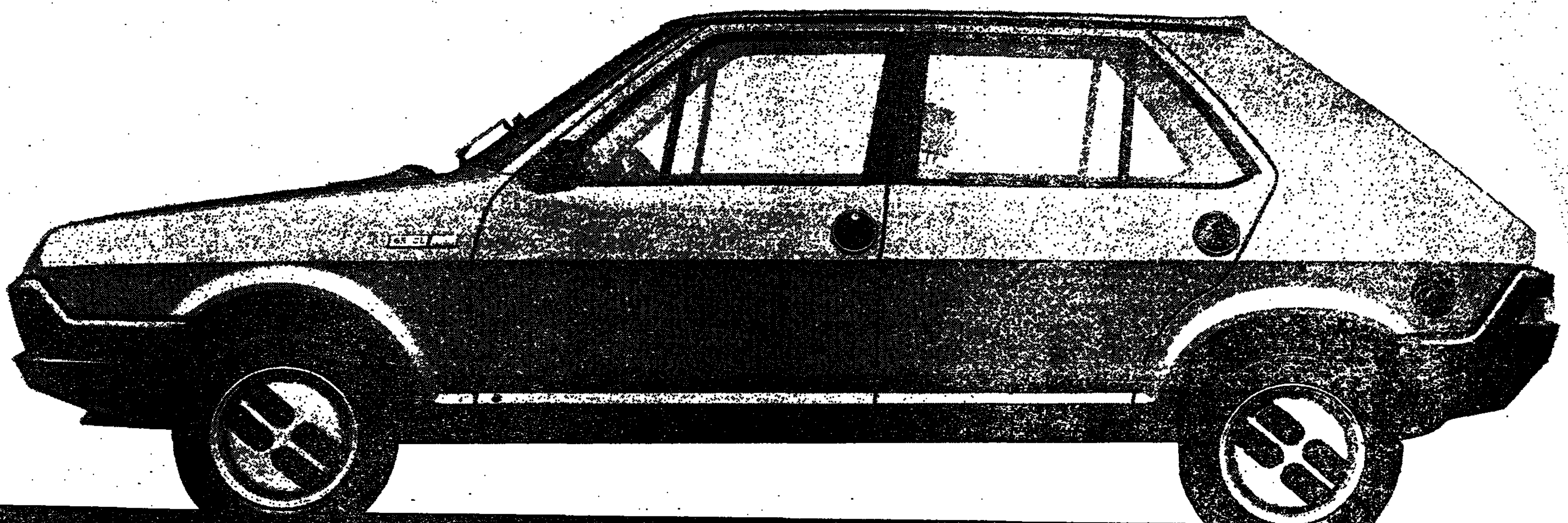
Mr. Agnew also advocated accelerated immigration of skilled labour to ease impending wages and inflationary pressure caused by shortages of skilled workers.

Mr. Graham Cocks, director of Syntec Economic Services, a private consultancy which provides information on economic trends, said that despite Australia's endowments, the economy did not have the capacity to achieve sustained growth much above 2.5 per cent a year.

He partly blamed Australia's heavy protection of the uncompetitive manufacturing sector.

A paper delivered on behalf of **Senator John Carrick**, Minister for National Development and Energy, said Australia could use its comparative advantage in energy in conjunction with mineral wealth to broaden and expand overall development.

Mr. James Kirk, chairman and managing director of Esso Australia, a subsidiary of the U.S. oil major Exxon, also took an optimistic view of Australia's future.



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David Buchan accompanies the Republican Presidential candidate to Dallas, Texas

Just the thing to put a smile on J. R. Ewing's face

THE FINAL stage of Mr. Ronald Reagan's assault on the Presidency took shape here in Texas, as the Republican candidate zeroed in on the incumbent's "demonstrated inability to run this country," and accused him of mishandling the U.S. economy in all its facets.

To rallies on Wednesday in Houston and Dallas, Mr. Reagan took up his closing theme from Tuesday night's Cleveland debate lambasting Mr. Carter's incompetence in letting the U.S. go downhill in the past four years.

It is a gamble for the Republicans, whose buoyant aides claim he emerged the ultimate victor from the television debate. This gamble assumes Mr. Reagan has finally laid to rest suspicions that he is a war-monger, and has only to beat the drum on President Jimmy Carter's economic record to turn a lead in the popular vote and electoral college tally into victory next Tuesday.

U.S. QUARTERLIES

Quaker Oats poor.
Winnebago Industries steadier.
General Reinsurance advance.
Details, Page 30.

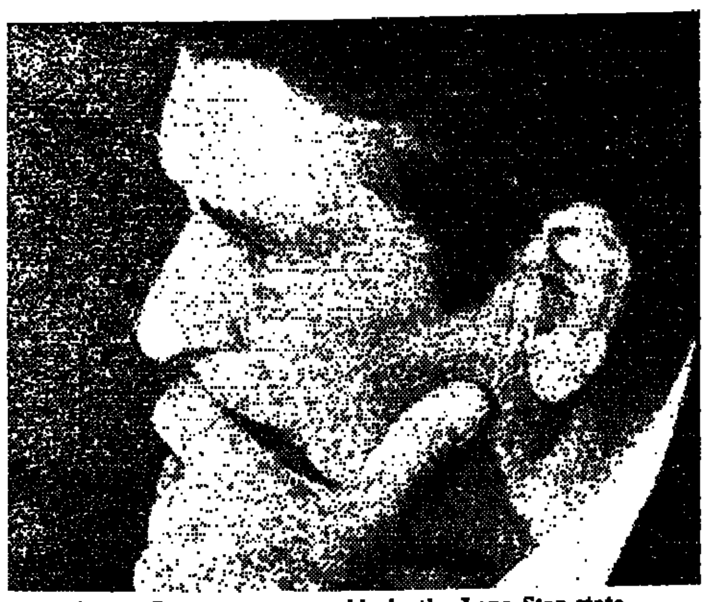
Both candidates are taking high-risk choices in the final stretch. They have to—in order to ration the political themes and campaign stops they can hit in the remaining 92 hours. Morale is high in the Reagan camp, despite the mixed press verdicts on the Cleveland debate and fresh conflict of interest allegations concerning Mr. Richard Allen, Mr. Reagan's foreign policy expert. Mr. Reagan blandly described the allegations as "much ado about nothing," but he is none the less conducting an internal inquiry.

Mr. Carter and Mr. Reagan have both allotted precious hours in the final week to Texas, the state with the fourth-largest number (26) of electoral votes. Loss of the Lone Star state, which Mr. Carter carried in 1976, and quite possibly Florida, would hammer the President's southern base. But Mr. Reagan, according to the opinion polls, either leads Mr. Carter or is even in Texas, which may not be quite good enough for the President. According to Mr. John White, the Texan who heads the Democratic National Committee, the President probably needs a 4 to 5 per cent election eve lead in the polls to offset the propensity of Republicans to turn out in higher proportion than Texan Democrats.

Weariness

Mr. Reagan, faltering through weariness on some of his favourite anti-Carter jibes, none the less drove home his economic message in Republican and congenial East Texas, flanked by such political stars as television cowboy Roy Rogers. Although Mr. Reagan looks all his 69 years these days, he skilfully gave his message an effective energy twist for oil-producing Texas.

Scrap the interfering Federal Energy Department; focus on production and not on conservation; open up federal lands and continental shelf to exploration; and kill President Carter's tax on oil companies' windfall profits. To hear Mr. Reagan on Wednesday night at Dallas's Southern Methodist University, one would almost think it was the windfall profits tax which clobbered J. R. Ewing, the well-known "oilman." His words are well received by Texas's many independent oil developers and royalty owners.



Ronald Reagan . . . a gamble in the Lone Star state.

But the key to the race may lie out of Mr. Reagan's hands and in South Texas with the Hispanic community. Spanish speakers in 1976 gave Mr. Carter 87 per cent of their vote, or over 200,000 ballots, and population increase and immigration from Mexico has swelled their numbers since. If Mr. Carter can get 300,000 Hispanic votes this time, he is believed safe in Texas. But the intensity of their suport is not for Mr. Carter but for Senator Edward Kennedy.

To fire enuthisiasm, Senator Kennedy came into the state last week, evoking a common Catholic religion, shared liberal political beliefs, and memories of his brothers' concern for Mexican Americans. The Senator evidently lit a few fires among the Hispanic community for this year's Democratic nominee, but no one knows how brightly they will be burning next Tuesday.

Pleasure

Governor Bill Clements, Texas's first Republican Governor in a century, claims pleasure that the Massachusetts Senator was appearing in the state, because, he thought, Mr. Kennedy repelled as many voters as he attracted. But the abrasive Governor Clements is divisive too. He recently called Mr. Carter "a goddamned liar" concerning past campaign promises, and was in turn called a "guttersnipe" by Democratic politicians. However, the Governor has striven might and main to carry Texas for Mr. Reagan, pinning his political credibility on success. He has been quietly helped by two former Democratic Governors who have been working against Mr. Carter's re-election.

Texas this year is the home of the crossover "Democrats for Reagan" organisation, just as it was in 1972.

Wall Street and the election, Page 32

Carter 'handled hostage crisis badly'

MR. RONALD REAGAN yesterday claimed that Americans would be "a little sceptical" about President Jimmy Carter's motives if the hostages in Iran were freed before Presidential election next Tuesday, David Buchan writes.

In a Dallas radio interview just before leaving for a final north-east and midwest campaign swing the Republican candidate also criticised the Administration's handling of the hostage crisis from the start. It had had "plenty of warning" about the takeover of the U.S. embassy in Tehran and it should have either removed the diplomats or reinforced its security, he said.

Evidently more assured in speaking out on the hostage issue, now that the prospects for their immediate release are waning, Mr. Reagan suggested that a sudden pre-election move could backfire politically on the President.

"I think the people in this country would be a little sceptical about the timing that brought them home just prior to the election," he said, adding that he would welcome the hostages' release at any time.

Mr. Reagan also spoke out on Cuba—an issue in this election partly because of the sudden influx of Cuban refugees into the U.S. this year. A Reagan Administration, he said, would demand "a great deal of change" in President Fidel Castro before relations could be normalised.

In particular, he said, Cuba would have to pay Americans and Cubans compensation for expropriated property, and there would have to be "a swing away from linkage with the Soviet Union." But Mr. Reagan said: "I doubt he (Mr. Castro) could do this because he is owned lock, stock and barrel by the Soviet Union."

Jamaican violence fails to deter voters

By Canute James in Kingston

THOUSANDS of Jamaicans queued outside polling stations yesterday to vote in general elections. First reports indicated that voting had started without violence at 6,500 voting centres which were under armed police and military guard.

The initial calm was in contrast to the party political violence and attacks by armed thugs which have taken just over 500 lives.

Just under 1m voters will be deciding between the social democratic People's National Party, led by Prime Minister Michael Manley, which has been in office for over eight years, and the opposition conservative Jamaica Labour Party, led by Mr. Edward Seaga, a former Finance Minister.

Some reports indicated problems at certain polling stations, mainly because a new system of voting agreed by both parties to ensure fairness is being used.

Police said yesterday morning that they could not confirm reports of an attempt on Wednesday night on Mr. Seaga's life. The reports, from Labour Party members, said Mr. Seaga was shot at when he toured a suburb of Kingston.

Sporadic gunfire occurred on Wednesday night in many parts of the city and in one incident eight policemen were slightly injured when their vehicles were attacked by gunmen.

Oil industry victory on pipelines

By David Lascelles in New York

THE Federal Trade Commission has decided not to make a rule prohibiting large oil companies from owning oil pipelines, in what amounts to an important victory for the oil industry.

The decision is a setback for Senator Edward Kennedy, who had long campaigned for such a rule and petitioned the FTC last year. But it also seems to put to rest the movement, strong in the 1970s, to dismember the country's large oil companies.

Senator Kennedy had argued that oil companies owning pipelines which also conveyed products from other companies had a conflict of interest, because they could hold back the flow to particular markets when it suited them.

But the FTC decided that while here was potential for abuse, it would prefer to study the problem case by case, rather issue a general ruling.

Oil company dismemberment has cooled off considerably as a political issue since 1977-78 when Senator Kennedy held Congressional hearings on the subject. But the oil industry has lobbied persistently against the oil pipeline move, arguing that it is unnecessary and unfair.

Canada Budget criticised

WINNIPEG — Mr. Jack Gallagher, chairman of Dome Petroleum, said the share of oil revenues that producing companies will get under the new Canadian Federal Budget is inadequate to finance the big energy projects of the future.

"Many companies such as Dome are reinvesting two to three times their current cash flow, but they cannot continue this practice indefinitely," he said in a speech to the Canadian Institute of Public Estate Companies.

He called for Government loans to oil companies which would be repaid at five times the loan value if a company made a large discovery.

Reuter

CIA agent gave details of weapons

BALTIMORE — The former Central Intelligence Agency agent who pleaded guilty on Wednesday to selling intelligence secrets to the Soviet Union is believed to be the highest level Soviet spy ever uncovered within U.S. intelligence.

Mr. David Barnett, 47, was accused of passing on to Soviet KGB officials U.S. intelligence on Soviet weaponry, including surface-to-air missiles, Stix Cruise missiles, submarines, destroyers and bombers.

Mr. Barnett, who admitted passing on the information for $92,600 (£37,000) beginning in October, 1976, faces possible life imprisonment for espionage. As part of a plea bargain with federal prosecutors Mr. Barnett agreed to co-operate with the CIA and the Federal Bureau of Investigation (FBI) in assessing the damage he had done to national security.

Besides turning over to the KGB technical information procurred by a U.S. covert operation, Mr. Barnet was accused of identifying 30 undercover CIA agents and naming seven Russian citizens regarded by the CIA as potential recruits.

He was said to have passed on the information to KGB agents in Jakarta and Vienna after leaving the CIA in 1970 and embarking on a number of business enterprises in Indonesia which left him in financial difficulties.

During his CIA career, Mr. Barnett was involved in clandestine intelligence overseas including operations designed to obtain information on the Soviet Union. He also did part-time consultancy jobs for the CIA and last worked for the agency in March this year.

The prosecuting statement said that one U.S. operation, codenamed Ha-Brink provided technical details about the Soviet SA-2 surface-to-air-missile system, the Stix Cruise missile, the Soviet W-class submarine, guided missile patrol boats, the Riga-class destroyer, Sverdlov-class cruiser and the TU-16 bomber.

According to the document, Mr. Barnett's disclosure to the KGB that the U.S. understood the guidance system for Stix missiles would have alerted the Russians to the probability that the U.S. had gone on to develop effective electronic counter-measures.

Protests to Pinochet over exiled Chilean

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE U.S. ADMINISTRATION, the Venezuelan Government and the Vatican are among a number of Governments which have made strong protests to General Augusto Pinochet, the Chilean Head of State, about his decision to exile Sr. Andres Zaldivar, the Chilean Christian Democratic leader and former Finance Minister.

Sr. Zaldivar, who was refused permission to return to Chile after a tour of Europe earlier this month, had taken the lead in criticising the recent Chilean plebiscite and irregularities in the counting of the votes. Gen. Pinochet said that the poll had shown a majority of Chileans supported his rule.

Venezuela has taken the lead in an effort to get the measure against Sr. Zaldivar rescinded. The Christian Democratic Government of President Luis Herrera Campins has given instructions to Venezuelan ambassadors around the world to request protests about the Zaldivar case from governments friendly to Venezuela.

Sr. Andres Zaldivar . . . criticised plebiscite

A Foreign and Commonwealth Office spokesman yesterday said that Britain had not made a specific protest to Gen. Pinochet about the exiling of Sr. Zaldivar.

Honda, Yamaha set for China cycle project

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S two top motorcycle manufacturers, Honda and Yamaha, will take part in the development of China's motorcycle industry it was confirmed yesterday.

Honda has decided, in principle, to help build a factory in the city of Tientsin with an annual production capacity of 150,000 units. Yamaha says it has received "several" requests from different provincial governments for the construction of factories, and it expects to be able to announce its response in the near future. One of the proposals received by Yamaha was from the provincial Government Kwangtung.

Direct exports of Japanese motorcycles to China have so far been minimal. Honda has shipped about 100 units while Yamaha says it has so far yet to receive an order.

However, the Japanese companies are convinced that China is keen to develop its motorcycle industry as a stepping stone towards fully-fledged manufacture of motor vehicles. The Chinese market for motorcycles should be extremely large in view of the fact that bicycles are at present the standard means of individual transport.

Honda says it has not yet decided whether its Chinese venture will take the form of a joint venture or a simple transfer of technology.

Talks have been in progress on the scheme at top management level since September when two senior Honda executives visited China to present motorcycles to the China Motor Sports Association. The machines produced at Tientsin will probably have engine capacities of 50 to 70 cc, Honda says.

If the Tientsin plan goes ahead on schedule Honda will become the first Japanese company to be directly involved in the Chinese motor industry. Discussions have been held on joint venture projects between China and Japan in the manufacture of four-wheeled vehicles, but no concrete developments in this area appear likely at present.

Italy eases credit rate on exports

By James Buxton in Rome

ITALIAN COMPANIES will pay 1 per cent less for the money they borrow to finance export operations from next Monday. The decision was made in Rome by the Association of Italian Bankers.

The action follows pressure on the banks by the Bank of Italy, the central bank, and the Government to improve the competitivenes of exports, which is a main plank in Government policy.

Following the fall of Sig. Francesco Cossiga's Government and the lapsing of its economic measures at the end of September, the official discount rate was raised 1.5 percentage points to a record 16 per cent and the Bankers' Association raised in step the rates which banks charge borrowers for different types of transaction.

Now the rate for export operations is to go down to 19.5 per cent, and the rate for certain other relatively favoured forms of borrowing will drop by half a point to 20 per cent.

But the ordinary prime rate, which affects the majority of borrowers, stays unchanged at 21 per cent. The bankers point out that their rates mean only a small real rate of interest when inflation at 21 per cent a year is taken into account.

FLAGS OF CONVENIENCE SHIPPING

Bahamas fires shot across Liberian bow

BY NICKI KELLY IN NASSAU

A DECADE-LONG effort by the Bahamas to launch itself as a flag of convenience country has hit rough seas once more.

The most recent setback is the dispute between Cunard Lines and Britain's National Union of Seamen over plans to transfer the company's two smaller cruise ships, the Cunard Countess and the Cunard Princess to Bahamian registry. In fact, it was the departure from Britain of the Cunard Princess last weekend amid protests over the registry issue that prompted the NUS to describe the ship as a "maritime hazard."

Ironically the row has erupted amid renewed attempts by the Bahamas Ministry of Transport to convince shipowners of the advantages of Bahamian registry. The Ministry had been counting on the Cunard name to provide the catalyst.

Until last April's bloody coup in Liberia, the larger shipping companies had dismissed the Bahamas as an alternative flag because of what were regarded as serious weaknesses in the country's four-year-old Merchant Shipping Act.

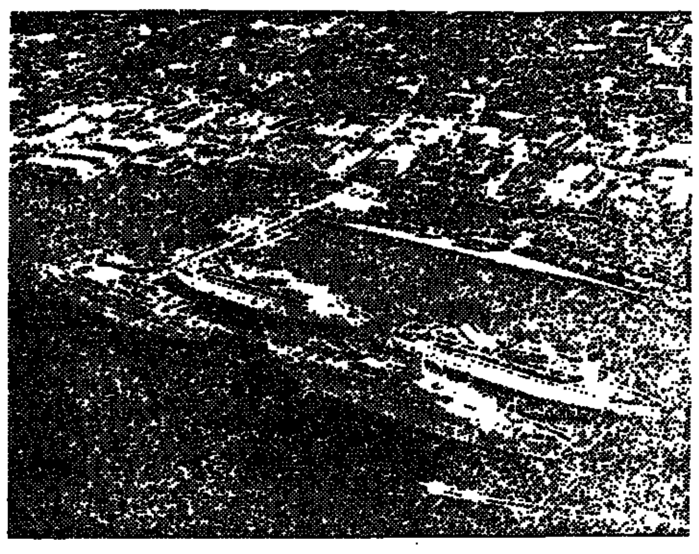
Ministry of Transport officials say that since then the Bahamas has been inundated with inquiries from American shipping interests which own from 30 to 35 per cent of the ships registered under the Liberian flag. In the present circumstances the Bahamas' political stability has become an important consideration.

Hoping to capitalise on the situation, the Government is now considering several major amendments to the Shipping Act that would make Bahamian registry more attractive to American and Far Eastern shipowners.

Registration is open at present to all foreign-owned ships of over 1,600 net tons providing they are no more than 12 years old at the time of registration and maintain internationally accepted standards for vessel, officers and crew. There are no restrictions on the nationality of officers and crew, but certificates of competency must be equivalent to those of the UK.

Besides recognising American sovereignty over U.S.-owned ships in time of war or national emergency, the proposed changes would safeguard ship mortgage claims held under previous registry and provide for a reciprocal tax arrangement which would avoid having Bahamian vessels taxed while trading in U.S. waters.

The Government also plans to drop the 1,600 net tons minimum required for foreign-owned ships and set an upper limit on registration fees per ship so as to draw the very large tankers. Additional provision would be made for fleet discounts and more flexible manning requirements consistent with new ship design and technology.



Prince George Wharf, Nassau

Given the country's status as a tax haven and offshore financial centre, the administration hopes shipowners will be encouraged to locate their headquarter in the Bahamas, thus generating additional business for the banking and insurance sectors.

How successful the Bahamas will be in winning business from Liberia will largely depend on the Government's speed in bringing the amending legislation to Parliament. The track record has not been encouraging in this respect.

Establishment of the Bahamas as a ship registration centre was a direct result of the 1971 decision by the Burmah Oil Company to build a petroleum trans-shipment terminal on Grand Bahama island. One of the terms of agreement between the Bahamas Government and Burmah was that 50 per cent of the shipping to be used by the oil company would carry the Bahamian flag.

The plan might have succeeded but for the 1973 Arab oil embargo and the rapid increase in oil prices. By the time the terminal came on stream in 1975, U.S. oil demand had already slumped, and Burmah's tanker operations were in serious financial difficulties.

A second drawback was the two-year delay in introducing the necessary legislation. The Bahamas Merchant Shipping Act took effect in 1977 amid the biggest recession in the modern history of shipping. It took another two years to correct an unintentional omission and allow for stamp duty exemption on bills of sale and ships' mortgages.

Approximately 90 foreign vessels have registered in the Bahamas in the past four years. Most are cargo vessels, and none of them over 1700 dwt. Bahamian registry has thus far failed to attract the large bulk carriers needed to make the industry viable.

Although the Government had optimistically predicted earnings of at least \$2m annually in the early years, actual revenue in 1978 totalled only \$43,845. It is estimated at \$100,000 this year.

USSR to help India's industrial development

By K. K. Sharma in New Delhi

THE SOVIET UNION will help India implement industrial projects, including steel and aluminium plants and power stations, worth Rs 65bn (£3.6bn) during the sixth five-year plan period from 1980-85.

Apart from the Rs 25bn integrated steel plant to be established at Vishakatpatnam in the Southern state of Andhra, the agreement which has already been signed, includes provision for expansion of the existing steel plants to 5m tonnes at Bhilai and to 5.5m tonnes at Bokaro. An aluminium complex is to be set up in Andhra State with a capacity of 800,000 tonnes annually.

This was announced in New Delhi yesterday by Mr. Narayan Datt Tiwari, India's Planning Minister, on his return from a week's visit to Moscow. Mr. Tiwari said that working groups were meeting on each of the sectors to decide on various details of the implementation of the projects, including their financing.

Other projects include a 2,000 MW "super" thermal power plant at Wydhan in Madhya Pradesh State, development of new coal mines of Jhangra in eastern India to yield an annual production of 2.8m tonnes, modernisation of the coal mines at Jharia to yield 12m tonnes a year and supply of new coal mining technology.

Also discussed at Moscow were proposals to increase crude supplies from the Soviet Union from the existing 1.5m tonnes annually to 2.5m tonnes next year.

● Four banks are currently putting together a financial package for India which will help finance the building of an aluminium plant in the state of Orissa and is expected to top \$1bn. The contract to build the plant has been won by Pechiney Ugine Kuhlmann, Francis Ghiles writes.

Banque Nationale de Paris, Societe Generale, Bank of America, and the State Bank of Inda are working on a financial credit which is expected to be close to \$700m. This would make it the largest ever eurocredit for India. To this figure will be added a substantial but as yea undisclosed amount of French buyers' credit.

Japan-based consortia to bid for Saudi deal

By Charles Smith, Far East Editor, in Tokyo

TWO LEADING Japanese engineering construction companies are to form international consortia in order to bid for a Y250bn (£439m) refinery which Shell plans to build in Saudi Arabia.

The two companies are JGC, which will be working with M. W. Kellog of the U.S. and Dae Lim Industrial of South Korea, and Chiyoda Chemical Engineering which plans to team up with Ralph M. Parsons of the U.S. and Technip of France. A third major Japanese company, Ishikawajima-Harima Heavy Industries, has denied reports that it plans to bid for the project.

The formation of international consortia by Japanese companies for overseas plant projects is a relative novelty and has been discouraged until recently by restraints on the terms under which Japanese Export Import Bank finance is available.

Recently, however, Japan has become interested in international plant tenders for a number of reasons.

JGC quotes risk dispersal as its main reason for inviting foreign partners to join it in the Saudi Refinery project. Two other reasons for forming such consortia are to take advantage of price differentials in different countries and to promote industrial co-operation between Japan and its developed trading partners.

The strength of the Japanese yen is cited as one reason for a fairly sharp falling off in plant contracts won by Japanese companies this year. As a countermeasure some exporters have begun subcontracting portions of contracts to European or U.S. partners who can quote cheaper rates for some types of machinery. Joint contracts in which a Japanese company and a European or U.S. company both appear as principals are also becoming popular, although legal and financial hurdles have stood in the way of these.

Japan's Machinery Exporters' Association has been sponsoring meetings with opposite numbers in several European countries to consider ways of promoting joint tendering.

EEC pledges \$45m for Egypt water plan

BY ALAN MACKIE IN CAIRO

EGYPT'S Helwan waste water project is closer to being realised following the visit to the country this week of M. M. Claude Cheyssen, EEC Commissioner for Development Policy, for talks with officials on mutual co-operation.

The EEC has promised \$45m (£18.5m) towards the cost of the \$140m project which will provide a new sewage treatment plant and collecting tunnels for Helwan, an industrial town south of Cairo.

The Egyptian Government has undertaken to provide the remaining funds for the project which was started with Arab finance, since terminated by the Arab boycott.

Work could not start however, until a water irrigation project, an integral part of the programme, had been authorised. This has been agreed to and the waste water project is likely to go out to tender early next year.

Mr. Cheysson's visit gave impetus to a number of other projects, including the EEC funded Abu Zaabal phosphate mine in Upper Egypt, a project the UK had shown interest in before the aid budget was cut.

The EEC provides Egypt with \$240m under a three-year protocol due to expire in October 1981, and a further \$78m worth of foodstuffs. M. Cheysson hopes the new protocal, negotiations which are due to start in the New Year, will be for "at least \$300m."

To aid the EEC investment effort and redress the trade deficit between Egypt and the Community, running at \$1.46bn, the EEC Commission is sponsoring an investment symposium for the European businessmen in Alexandria in April or May next year.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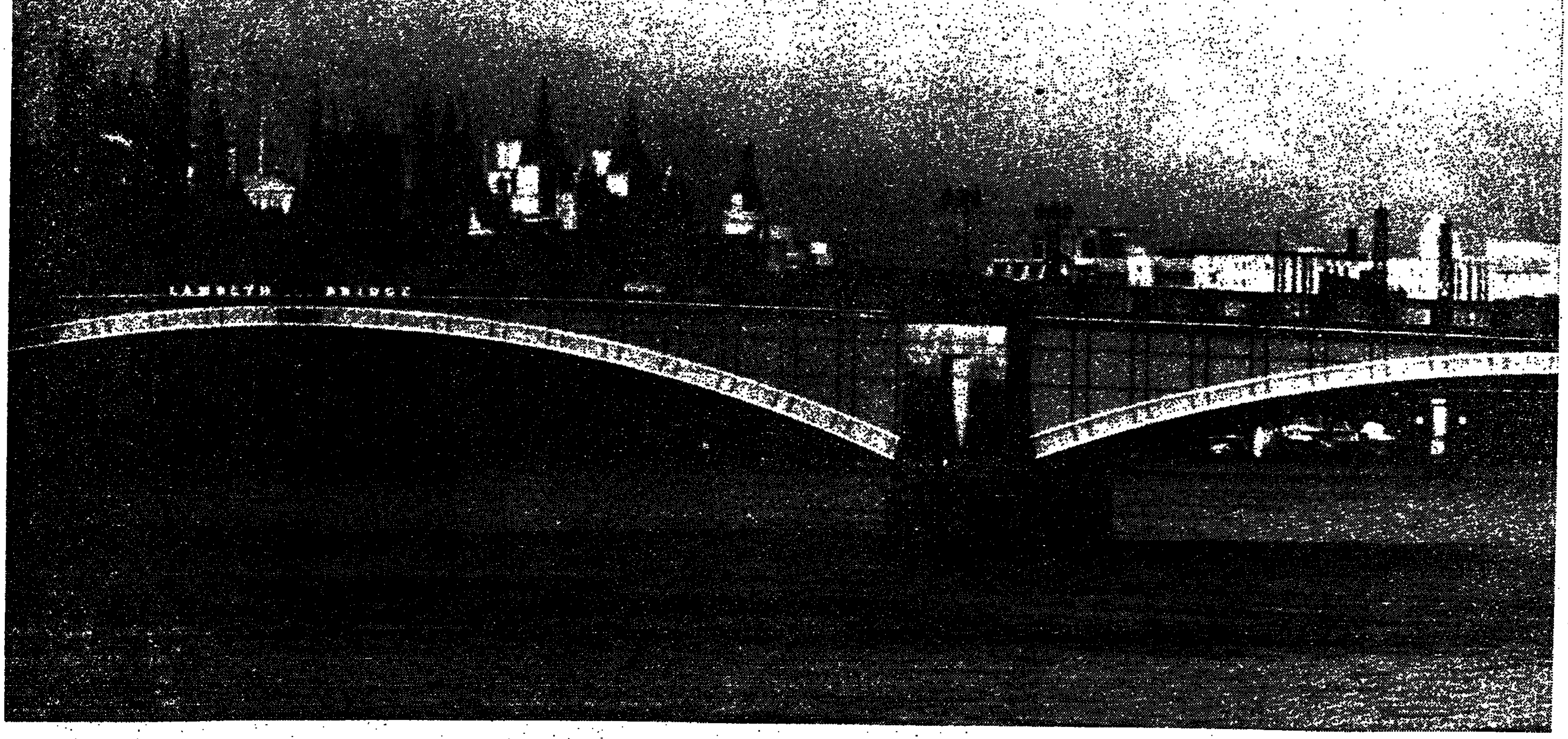

LAMBETH BRIDGE

UK NEWS

Tractor company on one-day week

BY JAMES McDONALD

INTERNATIONAL Harvester—the American-owned tractor making multinational—is now operating a one-day week for its British workforce in Doncaster and Bradford and yesterday announced further redundancies at its major Doncaster plant.

The redundancies will number only 56 out of its UK labour force of 5,269, but this total is 1,347, or 20.4 per cent, less than a year ago.

The situation has obviously worsened since July when International Harvester announced 746 redundancies and said it had recorded "a major loss" in Britain so far this year with no "realistic hope" of a return to profitability over the rest of 1980.

At that time most of the Doncaster workforce was on a three or four day week and the smaller Bradford factory was working 4½ days a week. Yesterday a spokesman said the two plants were now on a one-day week and this would continue for at least the next fortnight. "The situation is reviewed on a weekly basis," he added.

Mr. Jon Young, IH's employee relations director, said: "The worldwide recession for farm machinery, plus high interest rates, high inflation and record level of the pound, are all creating a very difficult environment in which to operate.

International Harvester in the U.S. lost $200m in the first half of this year. Its decision to withdraw from the market one of its new construction machines has affected the British operation since the machine is made at Doncaster and the slump in the U.S. tractor market has also hit Doncaster which makes the smaller IH tractor sold in the U.S.

IH is one of four North American-owned multinationals making tractors in the UK for sale locally and internationally. The others are Massey Ferguson, David Brown and Ford and all have been hit by the drop in demand for tractors, both in the UK where tractor sales have fallen by over 25 per cent, and abroad.

An international rescue operation for Massey Ferguson is already being discussed with the 200 or more banks, including British clearing banks, involved in loans to Massey.

The latest IH redundancies will be mainly in the supervisory structure, the company said yesterday, with 41 jobs involved. The structure will be rationalised and streamlined to improve its effectiveness. There will be 15 redundancies in manufacturing support areas of staff employees.

Industry 'must end fear of redundancy' to survive

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE fear of redundancy among workers must be removed if British industry is to be able to introduce the structural and technological changes necessary to survive, Sir Hector Laing, chairman of United Biscuits, said yesterday.

Giving a keynote address at a forum on Industrial Relations organised by the Scottish Council at Aviemore, he said that if the fear of losing a job could not be allayed there would be massive resistance to change.

"So long as hiring and firing are used as a means of regulating the profitability of a business, so long will an atmosphere of hostility and suspicion persist and so long will we suffer from confrontation and disruption."

Voluntary retirement should be used on a wider scale. Although costly, it would be less expensive than the soured industrial relations and the social damage which could result from having a generation of young people out of work for years.

Where forced redundancy was inevitable some for mof income protection should be applied.

Sir Hector said it would be disastrous if management were to adopt a "teach 'em a lesson" attitude towards unions. This would destroy the trust and understanding built up in many areas.

Mr. Len Murray, general secretary of the TUC, disagreed with Sir Hector that the owners of industry and the workforce shared common interests. There would always be legitimate areas of conflict, such as the distribution of the proceeds of industry between dividends and wages.

The issue confronting Britain was not how to avoid conflict, but how to avoid the disruptive potential of conflict.

Mr. Murray said that the Government would rue the day it abolished the Clegg Commission on public sector pay comparability, which had provided a way of solving grievances without the withdrawal of labour. And the new Employment Act, intended to tilt the balance of power back towards employers, would merely create martyrs

Engineering output falls

BY MAURICE SAMUELSON

THE OUTPUT of Britain's engineering industries fell 4 per cent between May and July, compared with the previous three months, according to British Business, published by the Departments of Industry and Trade.

The 4 per cent fall was shared by the two major sectors, mechanical and electrical engineering. The instrument engineering sector was only marginally affected.

Only two out of 30 mechanical engineering industries boosted output. Falls of more than 10 per cent were shown by machine tools, textile machinery, weighing machinery and power tools.

Constructional steel work rose appreciably after its steep fall in the first half of the year.

Colin Inman reports on how boat builders are tacking against the recession

Enthusiasm keeps this industry afloat

IN HAMBURG last week a band of 30 or so British boat builders and equipment manufacturers were busily trying to persuade the world's yachtsmen that an industry in deep recession could still compete in world markets.

The occasion was the German International Boat Show. Most of the British exhibitors were appearing under the banner of the British joint venture, organised by the British Overseas Trade Board, which received high praise from the companies taking part for its efficient arrangements and excellent stand design.

Even so, the number of British exhibitors—around 30—was about a third down on last year, reflecting the fact that the boat building industry, like so many others, needs all the help it can get.

During the past year, many companies have gone out of business. Others have cut back on staff and reduced operations to a bare minimum in the face of falling or, in many cases, empty order books.

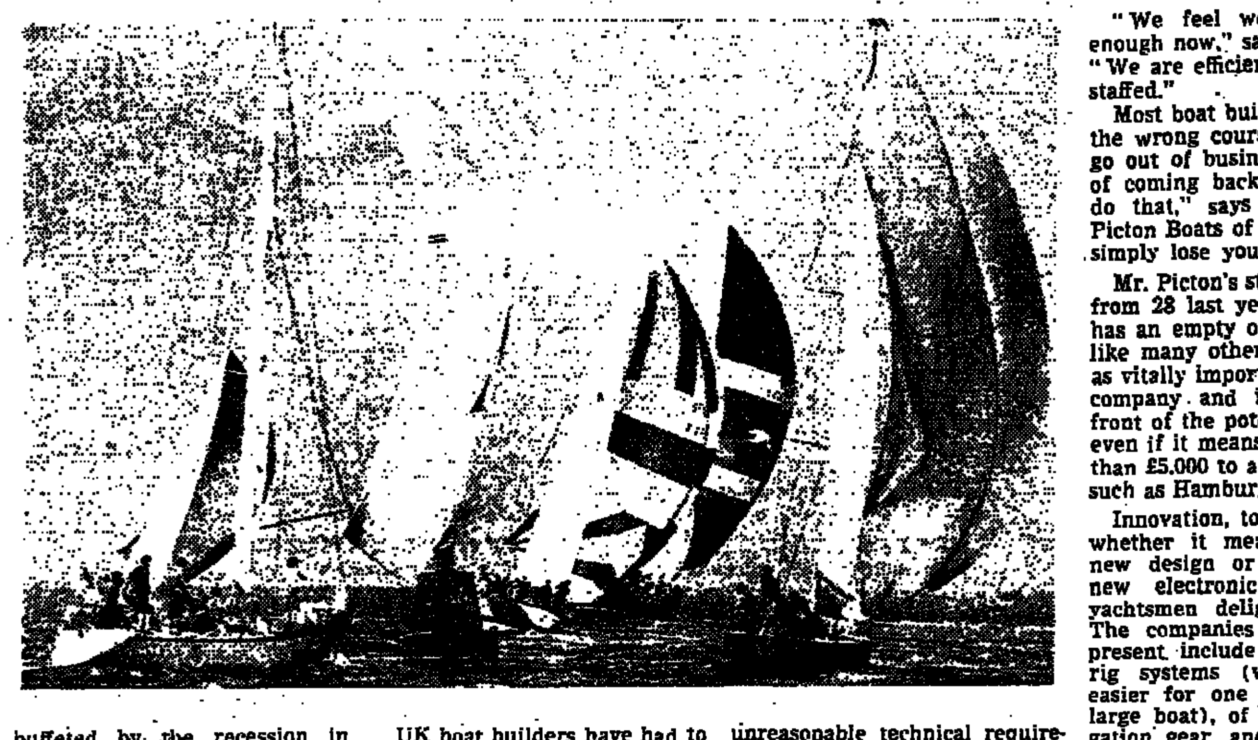
In most other industries the toll would be higher than it has been. But boat building, perhaps more than any other occupation, is manned by enthusiasts—by people who want to spend their lives making boats, or the equipment to go in them, and would be desperately unhappy doing anything else.

In the early 1970s, the British boatbuilding industry capitalised on the long-standing reputation of British yacht designers and yachtsmen and established a strong foothold in export markets.

The old boatbuilding traditions were blended with new enterprise shown by companies like Westerly Marine which were pioneering mass produced, relatively inexpensive family boats. A new market opened up rapidly because these smaller yachts combined the pleasures of sail with the safety and convenience of diesel auxiliary engines.

Electronic navigation equipment also made the sport much more attractive to the relative novice.

This market has been severely



buffeted by the recession in the UK, and the congestion of British rivers and harbours which has pushed mooring costs steeply upwards.

The strong pound and the increasing costs in a predominantly labour - intensive industry have eroded competitiveness in export markets. At the same time, European competitors, notably in France, have produced very attractive modern designs of their own.

The high prestige sector of the market, served by companies like Nicholson and Moodie, has relied for many years on exports and sales to companies. It has been hit both by the strength of sterling and the general pressure on company liquidity.

However, there seems to be general agreement that the makers of larger craft, whether sail or powered, have fared slightly better than those at the smaller end of the market.

Those who can afford between £70,000 and £250,000 for a boat, the argument goes, are unlikely to be prevented from spending it by a recession.

UK boat builders have had to face the erosion of some of their export markets, and steadily increasing competition from countries who are exporting aggressively to counteract the diminishing of their own home markets.

The U.S. is a major exporter to Europe. American manufacturers have been trying hard for new markets while that in the U.S. is depressed.

What might be expected to be prohibitively high transport costs are offset by the economies of longer production runs and by the lower cost of energy in the U.S. which means that such important raw materials as resin are much cheaper.

There is also growing competition from the Netherlands, Scandinavia and France. However, the expected challenge to the European manufacturers from the Far East, especially Taiwan, has hardly begun to materialise.

In this atmosphere it is not surprising that accusations of unfair competition are rife—of unreasonable technical requirements by the French; of hidden subsidies to the French and the Swedes; and of generous Government credit to the boat builders of several countries and to their agents abroad. One British maker quotes the case of a Greek agent for a French boat builder who is giving credit terms f up to three years.

What no one in the industry seems to be able to agree on is whether there is yet a light to be seen at the end of the tunnel. David Sanders, managing director f Westerly Marine, one of Europe's biggest makers of cruising and racing yachts, is mildly optimistic, although the company's workforce was pruned from 700 to 500 last summer.

But, he says, orders have been better than expected since the Southampton show in the summer. In Europe, however, the rising pound is proving a severe barrier and the company's move in June to reduce the credit terms available to its dealers led to a 50 per cent fall in orders.

"We feel we have pruned enough now," says Mr. Sanders. "We are efficient and not overstaffed."

Most boat builders agree that the wrong course to take is to go out of business in the hope of coming back later. "If you do that," says Bill Picton of Picton Boats of Bridgend, "you simply lose your markets."

Mr. Picton's staff has been cut from 28 last year to nine. He has an empty order book. But like many others he regards it as vitally important to keep the company and its products in front of the potential customer, even if it means spending more than £5,000 to appear at a show such as Hamburg.

Innovation, too, is important, whether it means a complete new design or producing the new electronic gadgets that yachtsmen delight in owning. The companies doing well at present include the makers of rig systems (which make it easier for one man to sail a large boat), of electronic navigation gear, and of equipment and clothing for the booming sport of windsurfing.

Henri-Lloyd has acquired a reputation as the "Rolls-Royce" of weatherproof clothing makers, and has seen a 20 per cent rise in exports this year, which now account for 41 per cent of production.

And the sort of enthusiasm that boat building can produce is typified by Mary Lack, whose husband Tom founded Tom Lack Catamarans in 1969 after a working life in wholesaling and retailing.

Mrs. Lack led two crews in sailing and motoring two of the company's cruising catamarans to Hamburg from Christchurch in Hampshire, a journey that involved stops at Brighton and Ostend and a trip through the rivers and canals of Holland and Germany.

Personal delivery by the Lack family, even to buyers in the Mediterranean, has meant that this is one company that has kept up its output (25 each per year of two designs) and has not had to lay off any of its 40 employees.

£500,000 nest egg conspiracy alleged

By Raymond Hughes, Law Courts Correspondent

A SECRET, tax-free nest egg of more than £500,000 was amassed by a conspiracy involving Lord and Lady Kagan, it was alleged at Leeds Crown Court yesterday.

The conspirators plotted to divert to a Swiss bank account a large part of the proceeds of sales of denim cloth between companies controlled by the Kagans, said Mr. Christopher Holland, QC, prosecuting.

The plan involved criminally false accounting and the falsification of documents and records.

Not guilty plea

Lady Kagan, Mrs. Ibolya Ginsburg, Mr. Raymond Kennedy and Kagan Textiles pleaded not guilty to a charge of conspiracy to defraud.

Lord Kagan — "the moving spirit behind the conspiracy" —was not on trial, Mr. Holland told Mr. Justice Smith and the jury, because the way he had re-entered the UK (he was extradited from France earlier this year) prevented him being charged with the conspiracy.

Mr. Holland said that the case contained elements of drama, public concern, notoriety and "sad criminality — sad because we are dealing with people of proven achievements and talents who found themselves more and more involved in a matter which necessarily gave rise to more and more deception."

The conspiracy, known as "Operation B," had involved the formation of a Panamanian company, Denim Continental SA, untraceably owned and controlled by the conspirators. Its control was to be clandestine and its activities secret.

Denim was exported to that company by Cellofoam (Yorkshire), a Kagan group company, at a gross undervalue, as sub-standard.

Denim Continental then sold the denim, principally in Belgium and Italy, at its true market value, which at the time, between 1974 and 1978, had been high.

After payment to Cellofoam, the very substantial balance was put into a Swiss banks account opened fort hat purpose.

In that way, at least £546,695 was diverted and not accounted for to the UK tax authorities, said Mr. Holland.

Strong personality

Counsel described Lord Kagan as a strong, dominant personality, energetic, enterprising and financially shrewd, with the ability to command obedience and loyalty from his closest colleagues.

He had been driven to pursue wealth. The case suggested that he had not been satisfied with what he had acquired in this country and had pursued more elsewhere.

A similar charge of conspiracy against Cellofoam (Yorkshire) will be dealt with later.

The Crown has dropped the charge against Mrs. Ginsburg's husband, Mr. Waldemar Ginsburg, because of his medical condition.

Iveco managing director quits over policy change

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE has been a major change of direction by the UK subsidiary of IVECO, the Fiat offshoot which is Europe's second - largest commercial vehicle group.

Mr. Frank Tinsdale, appointed managing director in January when the British operations of Fiat Trucks and Magirus Deutz vehicles in the UK were combined to form IVECO UK, has resigned over differences of opinion about management style.

IVECO UK has dropped its plan to set up a £3m headquarters, warehouse and service facility which was to have been built at Warrington, Lancashire.

The original decision to keep the Fiat and Magirus Deutz dealer networks operating separately in Britain has been reversed. They will be combined to form a 60- to 65-strong network from January next year.

Mr. Tinsdale, aged 55, has been involved with the commercial vehicle business since the late 1950s. He joined Magirus Deutz Concessionaires in the UK as general manager in 196s. When the company later became Magirus Deutz (Great Britain) in 1971 he was appointed managing director.

Dr. Iovani Brasca, chairman of VECO (UK), said yesterday that Mr. Tinsdale resigned "to our regret basically because of the differences in management styles between IVECO and the one he was used to with Magirus."

Dr. Brasca said the Warrington expansion was halted because it had been conceived at a time when the UK market was particularly buoyant.

IVECO will move instead to newly-acquired premises near the existing Magirus office at Winsford, Cheshire.

The new managing director of IVECO (UK) will be Mr. Alan Fox who takes over next month.

He will take over a company with a turnover in excess of £50m and which takes third place in the list of importers selling commercial vehicles over 3.5 tons gross weight in the UK.

£71m social grant to UK from EEC

By Maurice Samuelson

THE European Commission has announced the second allocation of 1980 Social Fund grants for the UK totalling £71.87m. It brings to more than £537m the total grants to the UK since joining the EEC.

The fund is for assisting vocational training, retraining and resettlement schemes in EEC countries, with special emphasis on helping the unemployed and schoolleavers.

The main areas in which the latest cash will be used are: young people £37m; regions £24m; handicapped £8m; migrants £1.2m and textiles £38,000.

This is in addition to £7.6m already allotted to the youth opportunities programme in Wales for 1980 in recognition of what the commission calls Wales's "exceptional problems."

Of the 1980 Social Fund grants, 39 per cent went to programmes for under-25s

Costs of damage by fire exceed last year's total

BY ERIC SHORT

FIRE DAMAGE costs for the first nine months of this year have reached £387.3m, according to figures issued yesterday by the British Insurance Association.

This is nearly 10 per cent more than the total costs for 1979, which were £355.3m, and is about 50 per cent above damage costs for the first nine months of last year. If the trend continues, fire damage costs in 1980 could approach £500m.

The BIA figures, issued during National Fire Safety Week, also show that fire damage costs last month returned to a high level after the decline in August, when costs were at their lowest for two years.

Three fires cost £1.5m each, contributing to a rise in September's fire damage figures of nearly £12m on the month to £32.6m, although this is nearly £53m less than damage in September last year.

Altogether there were 16 fires where damage cost at least £250,000 and 93 fires which each cost more than £40,000.

Food price rises to ease

BY OUR CONSUMER AFFAIRS CORRESPONDENT

PROCESSED food prices are likely to be lower than the rate of retail inflation in general next year, according to the latest review of food manufacturing companies by stockbrokers Phillips and Drew.

The brokers estimate processed food prices will rise an average 11 per cent in the next 12 months compared with an inflation rate of 14 per cent.

Phillips and Drew suggest the pressures on food manufacturers' profitability may be eased because of a more stable exchange rate, falling interest rates, and a slowdown in cost inflation.

Energy Review: Japanese investment in Canadian resources

By Martin Keeley in Calgary

Spate of new deals points to an energy alliance

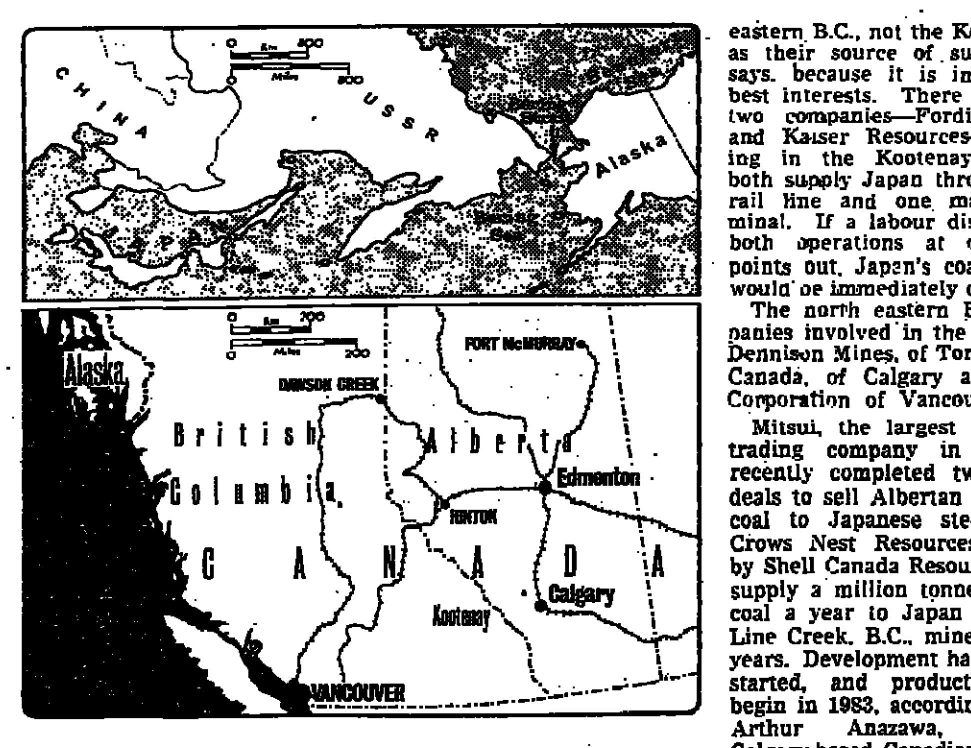
CANADA AND Japan could form an energy alliance in the next decade. For the resource-poor Japanese, Canada's seemingly abundant reserves of both energy resources and minerals as well as proven nuclear technology seem very attractive. The Canadian Government's target of 50 per cent Canadian ownership of the petroleum industry by 1990 need not interfere seriously, since the Japanese have been going into joint ventures with Canadian industry.

There is a 20-year history of co-operation in energy between the two countries, but the tempo has increased in the past four years. In recent months several major coal contracts have been signed and commitments have been made for Japanese participation in western Canadian oil and gas developments.

Since the 1973 OPEC oil squeeze Japan has committed itself to industrial and domestic conservation, to diversify oil supply, to development of alternative energy sources and promotion of nuclear power and new energy technologies. Two years ago it was decided to convert the country's steel industry from oil fired furnaces to coal.

As a result of the OPEC squeeze Canada's hydrocarbon resources—primarily in the west and north of the country—have become a major target for Japanese investment. The province of British Columbia (BC) is now in the middle of negotiation with Japan about one of the biggest export mining deals in the province's history: a 15-year, $5bn plus coal sale. Japan is also investing hundreds of millions of dollars in Beaufort sea oil exploration in the Arctic and oil sands development in Alberta.

In early October some 40 senior Japanese Government and industry scientists and engineers met with officials from the Alberta Oil Sands Technology and Research Authority (AOSTRA). The meeting with the provincial government-financed agency was about participation in research and development projects. The officials visited several of Alberta's major oil sands and heavy oil projects. The Japanese are also considering investing in alternate energy development in Canada, including a $5bn coal liquefaction plant.



Commitment

Canada has traditionally supplied coal to Japan, with several 15-year contracts signed in the late 1960s with some 12m tonnes being supplied annually from Alberta and B.C. Additional sales have been limited because of insufficient rail transport and resulting higher coal prices compared with Australian coal, Japan's other major supplier. However, inadequate port facilities and labour problems in Australia have made it less attractive as a long-term supplier. Recent commitments by the British Columbia, Alberta and Canadian Federal Governments to improve rail and port facilities has turned Japanese attention towards Canada.

Crucial to completion of the 15-year, !5bn British Columbia deal, is the resolution of differences between four parties to the arrangement: the B.C. Govrnment, B.C. coal companies, the Japanese Government and Japanese coal buyers. The two major issues are the price of the coal and rivalry between coal companies in north eastern B.C. and the Kootenays, further south.

B.C. has asked the Federal Government to share in subsidising rail costs, which would close the gap between the price asked by Canadian companies and the price per tonne offered by the Japanese steel companies. The Federal Government is committed to spend at least $50m to upgrade rail and port facilities in the province, with the B.C. Government putting up the rest. But the outcome of possible subsidy sharing will not be clear for at least a month.

The rivalry between coal companies in the two major coal producing regions of B.C. is one that the province's coal co-ordinator, Mr. Graham Kedgley, calls "unfortunate nonsense." Japanese buyers chose north eastern B.C., not the Kootenays, as their source of supply, he says, because it is in Japan's best interests. There are only two companies—Fording Coal and Kaiser Resources—operating in the Kootenays which both supply Japan through one rail line and one major terminal. If a labour dispute hit both operations at once, he points out, Japan's coal supply would be immediately cut.

The north eastern B.C. companies involved in the deal are Dennison Mines, of Toronto, BP Canada, of Calgary and Teck Corporation of Vancouver.

Mitsui, the largest Japanese trading company in Canada, recently completed two major deals to sell Albertan and B.C. coal to Japanese steel mills. Crows Nest Resources, owned by Shell Canada Resources, will supply a million tonnes coking coal a year to Japan from its Line Creek, B.C., mine over 15 years. Development has already started, and production will begin in 1983, according to Mr. Arthur Anazawa, Mitsui's Calgary-based Canadian general manager.

The second deal is for Manalta Coal through its subsidiary Gregg River Coal to supply 2.1m tonnes of metallurgical coal a year over a 15-year term from the company's open pit coal mine near Hinton, Alberta. Mr. Anazawa has been involved in trying to get the Manalta project off the ground for the past ten years and secured the deal in August with final agreements to be signed in November.

The deal calls for Mitsui and six leading Japanese steel mills to buy a 40 per cent stake in the mine which will begin production between October 1982 and April 1983. Although he will not give exact details, Mr. Anazawa says a price per tonne has been established for the first year and this will increase each year based on an escalation formula.

Japan has indicated interest in investing in coal liquefaction plants in Canada, particularly in the west, and Canada's energy minister, Mr. Marc Lalonde indicated in September that foreign investment would be welcome in this area. Preliminary discussions on such a project have been going on since January between the B.C. provincial government and Japanese interests to build a $5bn plant to use coal from Hat Creek in the south-central interior of British Columbia.

Japanese involvement in the Canadian oil and gas industry have been increased significantly in recent years with both private Japanese oil companies and the Japan National Oil Corporation (JNOC) participating in several projects.

Consortium

Most significant is a $30.8m investment by Japan Canada Oil Sands (JACOS) a consortium of JNOC and 67 private companies in the first phase of an oil sands research project near Fort McMurray, in north western Alberta. In doing so, JACOS has earned an option to spend a minimum of $74.8m on the project by the end of 1993 by which time it should have a 25 per cent interest in 1.23m acres of oil sand leases.

The project involves a new technique for the development of oil sands that are buried too deep to be mined. Electrodes are driven into the ground to heat up the oil sands, then steam injection is used for actual extraction. Petro-Canada, Canada's nationally owned oil company, is operator of the project and other interests include Canada-Cities Service and Esso Resources Canada.

The Beaufort Sea, high up in Canada's Arctic Ocean, hasa lso become a major target for Japanese involvement. JNOC recently signed a letter of intent with Dome Petroleum, one of the country's largest integrated independents, to invest $400m in exploration in the Beaufort over the next two and a half years. The loan will be repayable from a production share of the first three oilfields developed, although exports to Japan are conditional on approval by the Canadian National Energy Board (NEB), which regulates Arctic energy development, that the volume is surplus to Canadian needs.

The $400m will be spread over three years and will finanuce between eight and ten offshore wells. JNOC also has the option to grant development loans for the three fields and to take up to 25 per cent of Dome's share of production, depending on the percentage of development costs covered by the loans.

The Japanese hope, of course, that their commitment will persuade the Canadian Government to let them tap into eventual production, either by gaining direeet access to future oil production or by entering into swap arrangements in which Japanese investors would exchange their share of Canadian oil for the output of producers closer to home. A possible scenario is that takers normally bound for Tokyo could be diverted to eastern Canada in exchange for shipments to Japan through the Bering Strait.

Nuclear hope

Japan's interest in nuclear technology has been revived recently and the country hopes to increase nuclear power generation to 15 per cent of total electricity output by 1990. The country's power companies and the Ministry of International Trade and Industry have been pressing for purchase of Canada's Candu's reactors as a bridge between existing and future Japanese technologies. But Japan's atomic energy commission turned down the Candu in 1979. The decision may still be overruled, but it would have to come from the Prime Minister's Office.

Whether or not Japan decides to purchase Candu it is evident that in every other area of the Canadian energy resource industry the flow of Japanese money will increase.

UK NEWS

Evening News a victim of pressures of contraction

BY ALAN PIKE

After 99 years of publication, the spraypainted writing on the newsroom wall: "Good bye all."

THE London Evening News yesterday contained the type of commemorative material which it would have carried to celebrate its centenary next year.

This week is the newspaper's last chance to reflect, slightly prematurely, on its near-century of publication because the anniversary will never be reached. Today's editions of the Evening News will be the last, and there will then be no city in Britain with more than one evening newspaper.

Things were once very different, as the Evening News itself pointed out yesterday. When it was launched on to the streets of Victorian London on July 26, 1881, it was one of six evening newspapers. There were three until 20 years ago, when The Star vanished into the Evening News.

Next week the same process of contraction will absorb the title of the Evening News into the lower-circulation Evening Standard.

As a write in the News could not resist commenting yesterday: "That we must go—just disappear — seems incredible. We still retain Britain's largest evening sale. We continue to be bought by 442,000 Londoners every night. This means that this issue will be read by more than a million because that is the number who read our paper every night. We are still preferred by the majority of the public to the paper that replaces us next week."

The current circulation figures of the two London evening newspapers — the Evening Standard sells about 371,000 — are a fraction of their former glory. In the early post-war years the three London evenings had a combined circulation of nearly 4m, the Evening News leading the trio with what was then described as the largest evening sale in the world.

With the falling circulations have come rising losses. The Evening News lost £38m in the five years leading up to the announcement of its closure this month, and if the two London papers had survived they would have produced combined losses of about £18m.

Declining advertising revenue and increasing newsprint, labour, production and distribution costs have drained the profit from classified advertising, very much the staple diet of the London papers.

In addition, they have been forced into a smaller radius by new evening newspapers in parts of the Home Counties where the London evenings once faced no competition.

If the new Evening Standard circulates without competition—and there is no guarantee that a rival paper will not eventually be launched—the problems which have made both London evening newspapers into loss-makers should largely disappear.

As experience in provincial centres has demonstrated, monopoly evening newspapers are strongly-placed for profitability. Not only will the advertisement income of the survivor be far more secure, but it will if necessary be better placed to make savings in areas like edition changes and sale promotion campaigns.

The restyled Evening Standard will belong to a new company owned jointly by Express Newspapers, owners of the Evening Standard, and Associated Newspapers, which owns the Evening News. Lord Matthews, chairman of Express Newspapers, will be its chairman.

While the final appearance today of the Evening News will conclude years of speculation about which of the two would finally succumb to the trend throughout Britain over the past two decades, the cost of the exercise has been heavy. Nearly 1,800 jobs will be lost.

It is expected that the circulation of the new Evening Standard will settle at 600,000 to 700,000. Even if it proves profitable, this is a far cry from the days when the red, yellow and green vans of the Star, News and Standard raced to be first on the streets with their total of nearly 4m copies each day—and even further from the days of little remembered names like the Pall Mall Gazette and the Globe which were familiar in the early years of the Evening News.

● National union leaders and shop-floor representatives have been called to a meeting at Express Newspapers this afternoon at which an important statement on economies is expected to be made.

Mr. Jocelyn Stevens, deputy chairman and managing director of the company, will address the meeting. The company, which produces the Daily Express, Sunday Express and Daily Star as well as the present Evening Standard, has for some time been trying to obtain union agreement on production economies in the Daily Star. While the possibility of ending Daily Star production in London—reverting to Manchester, where the newspaper originated—has been the subject of speculation, it is possible that the company will today ask the unions for a fresh approach to economics in return for an undertaking to continue printing in London. Indications are that the company will demand a positive union response to its proposals within about a week.

French bank to finance mortgages in Britain

By Michael Lafferty, Banking Correspondent

A LEADING French commercial bank and a Scandinavian consortium bank are to provide mortgage finance in the UK through a link with the Skandia Insurance Group of Sweden. It is thought to be the first time that a French bank has taken any interest in personal lending in the UK market.

The mortgages, linked to Skandia endowment assurance policies, will be made available through a company called Skandia Financial Services. The capital of the new company is owned 60 per cent by Skandia UK Insurance, a wholly-owned subsidiary of Skandia; 25 per cent by Banque de Paris et des Pays-Bas, and 15 per cent by Scandinavian Bank, a London-based consortium bank with major Scandinavian banks as shareholders.

Skandia Financial Services says that it will be able to provide mortgages on terms similar to those on offer from the big London clearing banks.

Mortgages of between £10,000 and £25,000 would attract interest at 16½ per cent, while those in the next bracket, up to £50,000 would bear interest at 17 per cent.

Skandia says it will offer residential mortgages up to £50,000 and commercial mortgages up to £200,000, with repayment periods ranging up to 25 years.

Mr. Ron Williams, managing director of the new company, said yesterday that it was "self-evident that the demand for mortgages was not being met in the UK." He had previously been treasurer of HFC Trust, one of the new U.S. retail banking entrants to the UK market.

Mr. Williams said the Skandia endowment mortgages were only suitable for people paying above the standard rate of income tax. Accountants, solicitors, dentists and doctors would be ideal customers.

Michael Cassell writes: Any reduction in the cost of home loans could still be several months away, according to the Woolwich Building Society.

Sir Oliver Chesterton, chairman of the Woolwich, said in London yesterday that interest rates generally would have to come down by at least 2 per cent before the societies could contemplate a cut in mortgage rate.

Fight over gas supply for petrochemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL industry leaders have warned the Government that it must decide before Christmas on the use of North Sea gases as petrochemical raw materials. Each year's delay, they say, could effectively add £100m a year to the industrial costs.

Senior executives of Imperial Chemical Industries, Shell Chemicals UK, BP Chemicals and Esso Chemical delivered the warning at a meeting with Cabinet ministers on Wednesday.

They also told Mr. David Howell, the Energy Secretary, Mr. George Younger, the Scottish Secretary, and Sir Keith Joseph, the Industry Secretary, of their latest plans for bringing the gases south to be used in existing petrochemical plants.

The meeting was the latest move in the battle to obtain North Sea natural gas liquids—NGLs—for use as petrochemical raw materials.

The Government has already given the go-ahead for a £1.1bn plan to build a new North Sea gas gathering pipeline. The fight now is between those who want to use the NGLs in existing plants and those who want to use them to make petrochemicals in new plants in Scotland.

Shell, Esso, BP and ICI told the ministers that their plan for building an onshore pipeline to the south, and for converting their existing plants to take gas where necessary, could be put into operation much more quickly than any of the alternative proposals. They said the whole scheme could be started up within three years.

The four said they could start using North Sea gas to make petrochemicals as early as 1983. They would initially use gas from the FLAGS line—the North Sea's Far North Liquid and Associated Gas System—and then switch to NGLs from the new gas gathering pipeline as soon as it was completed.

They told the three Ministers their plan would cost under £150m. But they warned them that they must have a quick decision as to whether the NGLs would go south or not. They also asked the Government to decide speedily on a pricing formula for the NGLs.

They stressed that the longer a decision was put off, the longer the UK would have to wait to earn money by adding value to its North Sea gas liquids. The four estimate that every year which passes without the ethane being turned into petrochemicals would cost Britain at least £100m and possibly as much as £150m because of the higher cost of producing the alternative oil-based feedstock.

The four originally wanted all the NGL streams—ethane, propane and butane—to be brought south. They suggested this in a plan put forward—in response to a Government request for a proposal—in July.

But the U.S.-based Dow group and the UK-based Highland Hydrocarbons have put forward rival schemes for building a new petrochemicals complex at Nigg Bay, using the ethane

The U.S.-based Occidental also wants to use the ethane as a feedstock for making petrochemicals at a proposed plant at Peterhead in Scotland.

The proponents of a Nigg development are certain to oppose any hard and fast decision to bring the gases south.

Energy use declines by 6.6%

By Martin Dickson, Energy Correspondent

BRITAIN'S energy consumption fell 6.6 per cent in the June-August quarter compared with the same months of 1979—largely because of the recession.

The biggest drop was in oil consumption which fell by 10.6 per cent. Coal use dropped 4.2 per cent and natural gas 0.4 per cent, according to the latest issue of Energy Trends, the Government's monthly statistical bulletin.

The UK's crude oil production fell 6.6 per cent in the June-August period to 19.6m tonnes—1.4m tonnes less than the same period of 1979.

Seasonally adjusted and temperature corrected figures show an even bigger fall in energy use during this period. Total consumption was down by 7.7 per cent

Britain woos Greek power deal with oil offer

By Martin Dickson, Energy Correspondent

THE Government is to provide Greece with a 70,000 tonne cargo of North Sea oil in an attempt to woo Athens into placing a firm order with Britain for a 700 MW power station.

The move follows nearly a year of inconclusive negotiations between the two countries on a deal under which GEC would win a contract to build the coal-fired power station in return for British guarantees of coal and oil supplies.

As part of the package, the UK would provide Greece with 200,000 tonnes of oil this year and 500,000 next under a renewable contract, with prices at market rates.

In the absence of an agreement, the Government has now decided to provide Greece with a single cargo of oil, hoping that this will help persuade Athens to place a firm order.

The cargo, which will be shipped by the British National Oil Corporation next month, would form part of the 200,000 tonne total Britain might provide this year. But it was stressed in Whitehall last night that no more oil would be sent if a contract was not signed.

The power station contract would be worth about £150m. GEC would be in overall charge of the project and supply the two 350 MW turbo-generators, with Babcock supplying the boilers. The deal would also involve guarantees from the National Coal Board to supply Greece with 1.5m tonnes of coal a year over the next 25 years.

Mr. John Nott, the Trade Secretary, made strenuous efforts to secure agreement during a visit he paid to Athens earlier this month, and the issue was also raised during a visit to Greece in September by Mrs. Thatcher, the Primie Minister.

British Sugar set to reject EEC's £0.75m energy offer

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE BRITISH SUGAR Corporation seems certain to turn down an offer from the EEC of £770,000 in grants and loans for the conversion of one of its large industrial boilers from oil to coal-fired fluidised bed combustion.

The decision will be a setback in the National Coal Board's strenuous efforts to get British industry to convert from oil to coal firing at the earliest opportunity.

The EEC, which provides funds to industry for energy conservation schemes, agreed to provide 30 per cent of the cost of the conversion—£250,000 in grants and £520,000 in loans.

But the corporation said yesterday that after taking a fresh look at the project the company was now unlikely to go ahead, largely because of the cost

Consumers' Association opposes increased textile protection

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Consumers' Association yesterday launched a campaign against attempts to tighten textile import curbs when the present controls expire next year.

The association said the industry not only wanted a new 10-year multi-fibre arrangement on textile imports but also wanted the controls tightened to help prevent further cuts in the UK industry.

But the association said it was opposed to any strengthening of the controls "because the imposition of quotas imposes a hidden sales tax on consumers who pay for protection through higher prices in the shops."

The association backed its opposition with a background paper on the effects of textile import controls.

This showed that between 1978 and 1979, the price of adults' clothes covered by the present controls rose by 37 per cent while the price of similar UK merchandise rose by about 24 per cent.

Import controls were also ineffective in saving jobs, the association claimed, except in the short term.

"The purpose of protecting an industry as labour intensive as textiles is to make it more capital intensive, since its long term viability can only be assured by developing and installing new capital intensive technology—which in the long term will only accelerate the loss of jobs," the association said.

The association also pointed out that "protection is an easy option for governments since the costs are hidden."

But it said that there should be a systematic monitoring of the costs of protection similar to the monitoring undertaken in Australia and the U.S.

"Only in this way can protection be evaluated as a policy option," it added.

The association's claims, however, were refuted last night by one of the main trade unions in the textile industry. Mr. Alec Smith, general secretary of the National Union of Tailors and Garmentmakers, said that the association had displayed "a blatant disregard for those consumers who are also producers."

Europe seeks fairer fibre tariffs

BY RHYS DAVID

HIGH TARIFFS in other developed countries—in particular the United States—and the need for a fairer sharing of the burden of low-cost imports now seem to be major planks in the platform to be adopted by the European textile industry in the approach to next year's renegotiation of the GATT multi-fibre arrangement.

In a speech in Dublin yesterday, Mr. Ian MacArthur, director of the British Textile Confederation, strongly attacked the high tariff barriers operated by the U.S. and by Canada, South Africa, and Australia against textile imports. These, he said, had kept penetration by low cost suppliers at much lower levels than in Europe.

Mr. MacArthur, who was speaking to the Irish Textile Federation, said Europe provided the largest outlet by far for the textile and clothing products of developing countries, offering them guaranteed annual growth and very low tariffs or none at all.

"We have now reached a point where we can no longer go it alone in accepting ever increasing imports. It is time for the U.S., Canada, South Africa and Australia to open their doors more widely to the developing world."

Claret sale tests the market

BY EDMUND PENNING-ROWSELL

CHRISTIE'S sale yesterday of fine but not exceptional clarets provided an opportunity to test the market in the present climate of recession.

Although there were rather more trade vendors than usual, there was no shortage of trade buyers either, and prices were firm with some at least making their best this year.

However, last year's top prices were not achieved.

In real money terms, bargains were to be had—particularly in the successful vintages of the 1970s.

With all prices given per dozen bottles, the few '61s included Brane Cantenac at £190, and Giscours at £185.

A big range of '66s showed the usual disparity between the first-growth and the rest.

The former include Lafite (£400), Mouton-Rothschild (£310) and Margaux (£240); the latter, Ducru-Beaucaillou (£165), and Leaville las Cases and Beychevelle (both £150).

The '70 first-growth ranged from Latour at £300 to Haut-Brion at £190, while the lesser classes went from £180 for Palma and £125 for Lynch-Bages to £82 for Montrose and Pape-Clement.

Thet op price of £165 was achieved by Mouton Rothschild and Cheval-Blanc.

Sharaku print fetches £24,000

SALEROOM

BY ANTONY THORNCROFT

A PRINT by Sharaku of the actor Segawa Kikunojo, produced just before 1800, sold for £24,000, plus the 11.5 per cent buyer's premium and VAT, in an auction of Japanese prints at Sotheby's yesterday. A print by Hokusai, The Great Waves from the series Thirty Six Views of Fuji, made £9,500, as did a complete 30 volumes of the Illustrated Heike Monogatari produced in about 1700. A Utamaro print of a mother suckling her baby realised £8,000.

In an art nouveau sale at Phillip's yesterday a painted bronze and ivory figure Snake Dancer by Prof. Poertzel doubled its forecast at £4,100 while a house sale conducted by Phillips at Strensall in Yorkshire an Arab scene dated 1886 by the German artist Rudolf Ritter von Ottenfeld sold for £3,000.

At Christie's a lignum vitae side table of the 17th century fetched £3,200, while in New York on Wednesday Christie's sold a modern U.S. gold salver weighing 58 ounces for £11,250 and Koopman of London acquired a pair of George III two-handled soup tureens by Thomas Robbins for £10,833. An English gold open-face chronograph by Charles Frodsham went for £9,166.

A total of 126 nude studies believed to have been used by Toulouse-Lautrec sold for £2,300 at a Christie's South Kensington sale of photographs. A study of a young boy by Roger Fenton was bought by a U.S. dealer for £1,400.

Sotheby's also disposed of Japanese works of art at its Belgravia auction house. A four-tiered lacquer shodana sold for £7,000; a pair of Shosei Shibayama ivory vases for £6,500, and a pair of Shibayama vases of about 1880 for £5,300.

UK NEWS—LABOUR

Duffy gives warning to Thatcher on pay deal

By Our Labour Staff

yesterday warned the Government not to make political capital from the fact that the industry deal giving an 8.2 per cent increase in national minimum rates was in single figures.

Senior Ministers have seen the deal as evidence of a new realism among trade union negotiators.

But Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, and senior negotiator for the industry's 17 manual unions, said after the unions had approved the deal yesterday: "We can say to the Prime Minister that the only reason we have not gone for further increases or have been on a collision course is because we have recognised the parlous state of the industry because of the effects of the Government's monetarist policies."

The deal, finally signed yesterday, raises the national minimum rate for skilled workers from £73 to £79 a week, £52.50 to £56.80, with corresponding 8.2 per cent increases for the semi-skilled.

The General and Municipal Workers Union was unhappy with the semiskilled provisions and yesterday, with the Sheet Metal Workers' Union, it voted against its acceptance at a meeting of the CSEU executive.

But when that vote was lost, the GMWU agreed to support a motion accepting the deal, though the sheet metal workers still held out. In the final vote, however, it was accepted without opposition.

Civil Service pay unit is urged to release reports

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions have requested the service's Pay Research Unit to deliver its comparability reports, on which pay rises for the 550,000 white-collar civil servants are normally based, in spite of the Government's decision to suspend the pay agreement.

The unions' request could embarrass the unit, since the primary aim of the suspension of the pay agreement for this year was to prevent the delivery of the reports. These will show due rises substantially higher than the amount for pay which is to be provided under the forthcoming cash limits for the service.

The unit is independent of the Civil Service Department, though staffed by civil servants. But Lord Soames, the Lord President of the Council, who is the Minister with day-to-day responsibility for the service, told Mr. Vernon Morgan, director of the unit, that following the suspension of the agreement, "it will not be appropriate for the reports to be delivered."

Mr. Morgan in turn wrote to the unions to tell them the reports, due from November 15, would not appear.

The Council of Civil Service Unions has instructed its solicitors to take the necessary legal action to secure their delivery. As a first step the unions' solicitors have written to Mr. Morgan asking for the release of the report, though the unit is unlikely to reply without consulting the Treasury Solicitor.

The Government has also decided to suspend the publication of the Government Actuary's report on the contributions paid by civil servants towards their pensions, since the Government considers there will now be no reports from which the Actuary can work. A Government inquiry on pensions is *expected to report next* month.

The union's council is calling a series of protest meetings next month against the decision to suspend the pay agreement, and it wrote yesterday to Lord Soames to stress the "devastating effect" the decision would have on industrial relations in the Civil Service.

Mr. Bill Kendall, secretary-general of the umbrella body, said the suspension was "clearly and unashamedly in breach of the pay agreement." He wrote: "The Government have frequently complained about unions not honouring agreements and obligations. Your complaints cannot be reconciled with your own record as an employer."

The aim of the system was to remove the service from politics, but the decision breached that.

Mr. Kendall warned that the unions intended to channel their members' resentment into "*the most effective means*" of securing a fair deal. Industrial action is unlikely, however, at least until early next year.

Water men to draw up strike plan

By Nick Garnett, Labour Staff

UNION representatives of 2,000 manual workers in the water industry in Wales yesterday voted in favour of preparing plans for industrial action in support of a pay rise worth about 30 per cent.

The meeting endorsed the claim for an across-the-board increase of £20 a week, consolidation of an efficiency pay supplement, five weeks annual holiday and a 35-hour week.

About a quarter of those Welsh water workers who are members of the National Union of Public Employees were represented at the area meeting. NUPE is the biggest water industry union in Wales.

Water and sewerage workers are again causing difficulties for employers before the start of negotiations, as they have done in the past two years.

Last year Welsh water workers took the lead in threatening industrial action over pay. They showed themselves to be more aggressive over pay than their colleagues in England when they turned down the eventual settlement of 21.4 per cent.

Negotiations with the employers side of the national joint industry council are due to begin in the middle of next month. A settlement for the 33,000 manual workers in the industry is due in December.

The employers have already said the industry has come under increasing pressure from consumers.

They say there is little room for providing extra money for a wage settlement from capital expenditure cuts.

One day stoppage in Cunard flag dispute

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF the 39,000-strong National Union of Seamen yesterday approved a one-day national strike on Monday and gave a warning that more action will follow after the breakdown of negotiations with Cunard in the dispute over flags of convenience.

The breakdown re-opens the possibility that Lord Matthews, chairman of Cunard, will go ahead with his earlier threat to sell the company's cruise ship fleet, including the QE2, in the face of industrial action by seamen.

An executive meeting of the union also decided to continue its blacking of all Cunard ships after formally rejecting the company's latest peace initiative.

The stoppage on Monday is expected to paralyse British-owned cross-Channel ferry traffic as well as preventing movements of British cargo ships. Four of Cunard's cargo fleet have already been stranded, some for over a week, because of industrial action taken by NUS members.

Mr. Jim Slater, general secretary of the NUS, said a 15-strong executive meeting had voted unanimously against acceptance of a compromise formula under which only one of Cunard's three cruise ships would be transferred to the foreign flag instead of two as originally proposed.

The ships involved are the Cunard Countess, now stranded in Barbados by an NUS sit-in; and the Cunard Princess, already flying the Bahamas flag and sailing with a foreign crew. Mr. Slater said the union was determined that neither should be allowed to operate under flags of convenience.

"The move would cost jobs for British seamen, he said, and would encourage other lines to adopt a similar policy and thus lead to a reduction in the British mercantile fleet. "We have instructed our members to strike as part of a 'keep Cunard British' campaign.

"A third of the world's tonnage is under flags of convenience and that constitutes a major maritime hazard already. Flags of convenience carry no effective Governmental control so this breeds pollution, cheap labour and poor seamanship. They are a maritime mafia. It is racialist, discriminatory and exploitive."

Although the union said it would listen to any new initiative from Cunard, the company had no comment to make last night.

Troops man Frankland prison

BY OUR LABOUR STAFF

THE half-finished Frankland prison in County Durham was manned by troops yesterday ready to receive its first batch of prisoners transferred from police cells.

The move is part of the Government's plans to combat the effects of industrial action by prison officers in the dispute over meal-break payments.

The first day of sympathy action by prison officers in Northern Ireland meanwhile brought little disruption although there are continued fears that the action will add to tensions in the province.

The Government acted swiftly on Wednesday night to introduce an order in council to enable Ulster magistrates to hear cases without remand prisoners appearing in court.

Members of the Prison Officers' Association are refusing to accept new remands, new committals or returned remand prisoners in line with the action being taken by their colleagues in England and Wales.

European textile industry crisis talks break down

MR. ALEC SMITH, general secretary of the National Union of Tailors and Garment Workers, said his confidence in the EEC Commission had been shattered following a meeting yesterday with Community officials on the crisis in the European textile industry.

The meeting between the officials and European textile unions ended abruptly within half an hour when the unions said it was useless to continue.

Mr. Smith said afterwards that his union, along with others in the Community, had to take "direct action to force Brussels to wake up." This would include industrial action.

The meeting had been arranged to discuss the Multi-Fibre Arrangement which runs out at the end of next year. The NUTGW said the attitude of the Commission officials yesterday indicated that the renegotiation of the arrangement had been relegated in importance by the Commission.

Productivity talks to break rail deadlock

BRITISH RAIL will meet leaders of its three unions next month to try to break the deadlock which it feels is impeding progress on the longer-term aspects of BR's proposals for improving productivity, which BR officials see as crucial.

The executive of the largest rail union, the National Union of Railwaymen, yesterday resolved to take part in no national level talks on productivity before the rail council meeting in mid-November.

UK NEWS—PARLIAMENT and POLITICS

BR call for commitment on Chunnel

By Lynton McLain, Transport Correspondent

BRITISH RAIL told MPs yesterday it wanted to see "some firm commitment from the Government" about the BR/French Rail proposal for a Channel tunnel within six *months of the scheme being* considered by the full British Railways board in January.

"A degree of certainty" about the project would make such a difference to the way the private sector regarded the British Rail proposal, Mr. Derek Fowler, the board member for finance, told MPs on the House of Commons Select Committee on Transport.

The private sector is crucial to the future of British Rail's plans for an £800m (at December, 1979 prices) single bore rail-only tunnel. This is because the Government has said any new Channel tunnel project must be financed by private capital.

British Rail said it had talked with the banks about financing the project, and was getting "sufficient encouragement."

However, Mr. Fowler said the Board did not want to give the impression that "all of it could be financed from private sources."

"It would be unrealistic to expect 100 per cent risk capital being available for the tunnel project," he said.

He added that "if things just drift along for another year," we would find it very difficult to interest the private sector in financing the project.

British Rail told the MPs that it could not give a "figure for the cost of the project today." But it would involve an extra £100m. on top of tunnel costs, for the development of station terminals in London.

Mr. Fowler said: "We would find it difficult to talk this morning about the risk involved in the project." However, the financial risk in the construction phase of the tunnel project would be "very high, but less so when the tunnel became operational."

The risk during building was that the tunnel could be "abandoned," a risk that would have to be identified separately, BR said.

Thatcher stands firm on necessity of cuts

BY IVOR OWEN

IN THE wake of yesterday's discussion by the Cabinet of the cuts in public expenditure programmes being demanded by the Treasury, the Prime Minister made it clear in the Commons that she would like to see the economy axe bite even deeper than now proposed.

She did so by saying that in some ways she regretted that the Cabinet was not faced with the same objective as that set by Mr. Denis Healey, when as Labour's Chancellor, he called for public spending to be reduced by £5bn in one year.

Mrs. Thatcher dispensed with the reticence normally employed by Prime Ministers when questioned about the issues before Cabinet but, despite being pressed by Mr. Michael Foot, the deputy Labour leader, declined to identify the areas where the principal economies are likely to be made.

The fact that lower public spending and lower public borrowing will open the way for lower interest rates was again her main theme.

Mr. Geoffrey Rippon (C., Hexham), one of the leading advocates on the Government backbenches of an early cut in interest rates, was cheered by Labour MPs when he forcefully stressed the dangers associated with the Government's monetarist strategy.

He asked the Prime Minister if she agreed that the sharp rise in the money supply and the public sector borrowing requirement was due to the fact that the cost of public borrowing and unemployment was so high.

Mr. Rippon feared that the Government was in danger of creating a society in which money lending was the only profitable venture.

The Prime Minister retorted that there must be no question of printing money to try to get an artificial boom, which would lead ultimately to higher inflation, hyper-inflation and higher unemployment.

To cheers from other Tory MPs, she declared: "The Government always stands firm on that absolutely. We will not go in for printing money."

Mrs. Thatcher assured Mr. Rippon that she shared his desire for lower interest rates, but insisted that the "key" to getting them down was to reduce the amount of borrowing in the economy.

Public spending had to play *its part in that process, she said.*

Mr. Foot quoted the report in yesterday's FT highlighting the rapid fall in total employment, when repeating his earlier warnings that further cuts in public expenditure must lead to an additional loss of jobs.

The Prime Minister replied that the way to achieve longer-term prospects for good jobs was to make the defeat of inflation *the top priority*.

Mrs. Thatcher reiterated her determination to avoid premature reflation when Mr. Gordon Bagier (Lab, Sunderland South) told her that those who had lost their jobs in the north east and other parts of the country wanted to know what practical measures the Government intended to take to alleviate their problems.

Again asserting that in the long run good jobs must depend on the conquest of inflation, the Prime Minister stated: "If we go the way successive Governments have gone in the last 30 years by reflating and printing money, then each time we finish up with a higher level of unemployment and a higher level of inflation.

"We have to break that cycle once and for all."

Mr. Arthur Davidson (Lab. Accrington) protested that the Prime Minister should feel ashamed for pursuing policies which had brought record levels of unemployment to areas which *had never known high unemployment* before.

Amid Labour cheers he called on her to stop lecturing his constituents about high wages when they have never had high wages and were still being thrown out of their jobs as a result of Government policies.

Mrs. Thatcher replied that nothing could alter the fact that British industry needed to become more competitive.

"There is absolutely no way out of that fundamental truth," she said.

Backed by Tory cheers, the Prime Minister contended that reflation was the only alternative policy being offered by Labour leaders and warned that to adopt it would be "catastrophic."

Mr. Geoffrey Robinson (Lab., Coventry North West) argued that so long as sterling remained overvalued to its present extent, there was no chance whatever of whole sectors of British manufacturing industry becoming competitive.

Mrs. Thatcher maintained that only one third of the sharp fall in Britain's competitiveness could be attributed to the value of sterling. The other two thirds, she said, was due to increases in pay not matched by increased output.

Industrial action a threat to BL's recovery, says PM

BY IVOR OWEN

BL's WORKERS were urged not to strike by the Prime Minister in the Commons yesterday when she joined with other MPs in expressing concern that industrial action could ruin the prospects of recovery for the company opened up by the launch of the new Mini Metro.

"We earnestly hope that the strike will not come about," she said.

But Mrs. Thatcher emphasised that the Government will not intervene and that conduct of the wage negotiations must be left in the hands of Sir Michael Edwardes and the BL board.

Mr. Robert Dunn (C., Dartford), led the warnings about the possible consequences of a strike by stressing that it could only result in causing new damage to BL's image at home and abroad.

Nodding in agreement, the Prime Minister commented: "We are obviously very much concerned that just when BL has a super new car which we have all been doing our very best to promote, there looks as if there may be the threat of industrial action."

In insisting that negotiations must be left to Sir Michael Edwardes and the BL board, she added: "They have been very successful up to date and I hope that they will be successful in bringing BL through this particularly difficult period."

Mr. John Hannam (C., Exeter) suggested that BL workers should be reminded that the movement in the Retail


Hannam: "Single figure inflation in prospect"

Price Index over the past three months indicated that a return to single figure inflation was in prospect.

In these circumstances, he said, a single figure wage settlement did not necessarily mean a reduction in living standards.

Mrs. Thatcher replied that everyone was anxious that BL should succeed and that the Mini Metro should achieve considerable sales.

"It is very ironic that there should be a threat to strike just when BL has restored its share of the market—it is almost up to 23 per cent."

Six-point plan on economy

By Elinor Goodman

THE NATIONAL Council of Labour, the forum which brings together all three wings of the Labour movement, yesterday endorsed earlier calls from the Labour Party and the TUC for an emergency programme to cut unemployment and take Britain out of recession.

The Council, which brings together leaders of the Labour Party, the TUC, and the Co-operative Union, put forward a six point plan to improve the situation in the short term.

It stressed, however, that such an emergency package would do no more than "help to stem the economic collapse brought about by Government policies."

Included in the six point plan were proposals for cutting interest rates by 4 per cent, a big reduction in the value of the pound and the allocation of at least £450m for employment and training schemes.

Labour Right-wing proposes one member, one vote plan

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

WITH ABOUT half the votes cast in the Labour leadership contest last night, the two sides of the party clashed over the system to replace the existing method of electing the leader.

The Right-wing grass roots organisation, Campaign for Labour Victory, last night formally launched its campaign to stop the National Executive getting the kind of electoral college it wants approved at the special conference in January.

In place of the NEC's electoral college, the CLV proposed giving all registered party members a vote in electing the leader, as the least objectionable way of implementing the conference vote to widen the electoral franchise.

The CLV, led by Dr. David Owen, one of the "gang of three," made it clear last night, however, that in their view the existing method of electing the leader was still the best one.

But, if the "narrow and disputed decision" of the conference had to be implemented, then the best way to do so was to open it up on the basis of "*one member, one vote,*" rather than merely extending the franchise to Labour party activists and trade unions as the NEC wants.

The CLV will now try to persuade local parties — and more importantly trade unions — to take up its proposal and so force it on the agenda for the special conference.

Labour MPs will discuss the issue for the first time since the October conference at a special meeting next week. A similar proposal for giving every party member a vote is being put forward by Mr. Joe Ashton.

But the signs are that the Parliamentary Labour Party will find it very difficult indeed to agree on any one proposal in the time available.

More important to the CLV is getting the support of the big trade unions, which ultimately will decide on which—if any new system—should be adopted.

Last night, Dr. Owen claimed that there was considerable support among trade unionists for the idea of giving all party members the vote. The CLV rejected the Left's claim that such a change would have the effect of disenfranchising many trade union members.

As Labour MPs began leaving Westminster last night for the weekend, the managers of the four contenders for the leadership—Mr. Michael Foot, Mr. Denis Healey, Mr. John Silkin and Mr. Peter Shore—reckoned that about half the votes had been cast.

Their sounding indicated that Mr. Healey was getting his expected lead in the first ballot, but that there would almost certainly have to be a final run-off between Mr. Foot and Mr. Healey.

Conflict on defence cuts widens

By Elinor Goodman

THE ALL-PARTY Select Committee on Defence looks set to get involved in the controversy over the possibility of big cuts in defence spending next year.

Yesterday, the Ministry of Defence and the Treasury were still deciding whether to agree to the committee's request to provide it with copies of all the documents leaked to the Press Association last week. These revealed the negotiations over the Treasury's request for a £500m cut in expenditure next year.

But even if these papers are withheld from the committee, it seems likely that its members will want to examine the implications of possible cuts as part of its ongoing inquiry into strategic nuclear weapons policy.

Mr. Francis Pym, Defence Secretary, is resisting the cuts strongly in bilateral negotiations with the Treasury.

High technology post for Butler

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE DEPARTMENT of Industry yesterday sought to strengthen its bid to be given overall charge of a "national strategy" for the Government's information technology activities, which are at present spread around several Whitehall Ministries.

It announced that Mr. Adam Butler, Minister of State for Industry, is to be responsible for the departments own work on information technology which spans developments in computing and telecommunications.

The department hopes that Mr. Butler will eventually be given general responsibility for all the Government's activities. This would be in line with the recommendations of a recent report published by the Cabinet Office's Advisory Council for Applied Research and Development, that a single Government Department and Minister should be in charge.

A committee of senior civil servants drawn from 14 Government departments has been set up to study the report under the chairmanship of Mr. Roy Croft, an Industry Department deputy secretary. It is considering what action the Government should take to stimulate technological developments in the UK at a time when public funds for spending on industry are extremely limited.

The department has set up a special division under Mr. Croft to handle its own responsibilities. Earlier this week it announced in British Business, its departmental magazine, that the division's work included "general responsibility for developing a coherent national strategy for information technology." It is the responsibility for execution of this strategy that Mr. Croft's committee is now considering.

The division is also responsible for sponsoring the electronics industry (other than automation and instruments), the computer industry, hardware and software, electronic components, telecommunications, electronic consumer and capital goods, broadcasting equipment, office equipment, and paper and film for office equipment.

'Spot the wets' time

By John Hunt, Parliamentary Correspondent

A DEFIANT Mrs. Thatcher told the Commons yesterday that appeasement always had the same result—"it gives encouragement to a potential aggressor. That is why this Government will never go the way of appeasement."

The Prime Minister's remarks concerned the nuclear threat from the Soviet Union that might just as well have been aimed at the Tory backbenchers and Cabinet ministers—who are critical of her economic policy.

She was replying to Mr. Robert Adley (C, Christchurch and Lymington) who remains an ardent member of the diminishing band of Conservative loyalists.

He had attempted to put the hounds off the scent by diverting questions away from the grim domestic scene and into the safer area of foreign affairs.

But MPs were not having it and relentlessly kept up their inquisition on high interest rates and unemployment.

These frequent exchanges have taken on the quality of a *formal ritual. The Opposition* paints a horrifying picture of the coming Gotterdamerung.

Mrs. Thatcher stands her ground and declares that "our" policy is the only possible answer to Britain's troubles.

The interesting thing is to discover who on the Government side of the House still believes in "our" policy. This game of "spot the wet" requires great patience and finesse.

Yesterday, for instance, Prime Minister's questions had scarcely begun before Mr. Geoffrey Rippon (C. Hexham) was on his feet demanding lower interest rates. No marks for Spotting him. He had blown his cover some days ago by setting out his critique of Government policy in a letter to The Times.

But for those who remained to listen to business questions, a fascinating cameo was provided by the elegant Mr. Norman St. John Stevas, leader of the House and Chancellor of the Duchy of Lancaster.

Although retaining his adulation for the "blessed Margaret," he now counts as a wet, as the result of a *critical speech he made during* the Conservative party conference.

Mr. Ioan Evans (Lab., Aberdare) wanted to know if it was true that the Government was likely to introduce an autumn Budget soon after the new session of Parliament starts next month. According to Mr. Evans, even Professor Milton Friedman now disowns Government policy.

Looking disdainfully down *his nose,* Mr. St John Stevas replied that he was not familiar with the works of Mr. Friedman. With the resigned air of a man who would probably be the last to get the news, he said he had heard nothing about a Budget and felt sure the Chancellor of the Exchequer would have let him know.

Another potential rebel *worth watching was Mr.* Peter Walker, Minister for Agriculture, who could be heard disclaiming any intention of starting a civil war.

Could it be that he had renounced his hankerings for the policies of Mr. Heath and embraced the stern gods of monetarism? Not at all.

He was merely droning on about EEC fisheries policy and refusing to get embroiled in a row between Scottish and Cornish fishermen.

He was keeping well out of the battle and applying himself to safe topics such as pout boxes and size of the nets used by evil foreign trawlermen who raid British waters.

One thing, however, was certain. If Mrs. Thatcher is to haul in the growing shoals of *Tory rebels, she will have to* use nets of a very fine mesh indeed. They are slippery fish these wets.

Boom times for Chrysler south of the border

The U.S. group's only major operation outside North America is the jewel in its crown. **William Chislett** reports

MEXICO CITY is notorious for someo f the worst traffic jams in the world. In the rush hours, the streets are a seething mass of honking metal, most of it stationary.

With the Mexican economy continuing to grow at a dizzy oil-driven seven or 8 per cent a year—in real terms—the problem may only get worse. But to the country's motor industry it represents the enjoyable phenomenon of the fastest growth in the world of any significant automobile market.

In stark contrast to its debt-ridden fortunes to the north, in the United States, Chrysler Corporation is leading the way. In the first six months of this year its Mexican subsidiary overtook Volkswagen as number one in the combined car and truck market, with a 23 per cent share. While the Corporation may lose $1bn in 1980, for the second year running, Chrysler de Mexico turned in a profit of almost 573m pesos ($25m) in 1979. It projects a healthy increase this year since sales have surged by over a third to 10 per cent of Chrysler Corporation's total.

"We are not trying to do anything spectacular," says Jack Parkinson, managing director of the Mexican subsidiary. "Just keeping up with the economy is spectacular enough"—a statement with which Chrysler executives in recession-hit America would heartily concur, though from a very different standpoint.

The situation on the U.S. side of the border is, of course, a black cloud to Chrysler de Mexico since the subsidiary's ultimate fortunes are tied to the parent company.

But Parkinson, a slim Canadian, takes it as an article of faith that the Corporation will not fold. Even if it does, he says, it is by no means a foregone conclusion that the Mexican subsidiary would also go under.

Chrysler de Mexico's 1979 report admits that the subsidiary depends to a large extent on the Corporation's technology and parts for the manufacture of vehicles in Mexico.

But its dependence on the parent company is being reduced in accordance with the Mexican Government's policy of forcing car companies gradually to cut down on imports. This forms part of a more general policy of reducing the country's yawning payments gap.

By 1982 every car manufacturer in Mexico must match its imports dollar for dollar with exports. Manufacturers who cannt meet the recommended local content levels must compensate the shortfall under a formula which amounts to exporting more than the equivalent value of their imports. So it is not surprising that Chrysler and other car manufacturers are looking hard for new sources of parts in Mexico.

Until a 1977 decree which specified degrees of local content for the car industry, Chrysler de Mexico was importing about $3 worth of components for every dollar it exported.

According to Parkinson, the subsidiary is now about 57 per cent "locally integrated" and "practically" matching dollar for dollar imports with exports.

Chrysler de Mexico has not always been so successful. It has been a hard climb to the top. A mixture of good planning, expert market research and good luck have brought it to its commanding position: the second largest private company in Mexico, with Ford only the fourth largest.

Chrysler de Mexico started life in 138 as Fabricas Automex, a Mexican controlled Chrysler affiliate. In 1959, Chrysler bought one-third of the equity stake and in 1971, when the company was making heavy losses and facing the prospect of bankruptcy, Chrysler purchased the majority interest.

Jack Parkinson and his body shop: a Chrysler car is a status symbol in Mexico

By 1973, Chrysler de Mexico, as it was then known, was in the black and advancing. Its share of the car and lorry market was nearly 19 per cent in 1974 compared with Ford's near-17 per cent and General Motors' 12 per cent plus. Chrysler's share rose to almost 22 per cent in 1979 and it is expecting to advance still further this year.

The devaluation of the peso by almost half in 1976 caused an economic slump, particularly in the car industry because of its high level of imports. It caught Chrysler de Mexico in the middle of introducing a new range of compact cars.

Chrysler's market research had found that Mexicans liked the front of its Valiant model and the back of its Dart. So its compact cars were designed specially for the Mexican market, combining the preferred features of various models in the U.S. The Dart and Valiant names were kept because they were well known in Mexico.

Despite the slump and the rapidly shrinking state of the market, Chrysler took the plunge and went ahead. The new range was a hit.

A year later, the company began researching the market for the introduction of a luxury car with plenty of gadgets—no longer considered a status symbol in the U.S. Le Baron is now Chrysler de Mexico's main luxury car, whereas in the U.S. it is Chrysler's smaller luxury car. The Mexican version is essentially the same as that in the U.S., but with a few Mexican trimmings such as Mexican leather seats.

Chrysler de Mexico set about developing the image of Le Baron with a slick advertising campaign based on the rich Mexicans' love of French culture. Camera crews filmed Le Baron in luxurious settings in Paris.

Le Baron is considerably cheaper than its comparable rivals the Ford L.T.D. and Chevrolet Caprice, because of quirks in the Mexican taxation system.

Le Baron became a bestseller overnight.

The Mexican automobile market is young and ownership of a Chrysler car (and indeed of a Ford or a General Motors car) is still very much a status symbol.

In the meantime, the company built up an extensive network of dealers, cleverly exploiting the all-pervasiveness of family relations in Mexico.

Chrysler encourages a dealer to bring up his son in the business and eventually turn it over to him. If a dealer has several sons, as is often the case in Mexico which has a very high birth rate, Chrysler tries to accommodate the father by extending the dealerships.

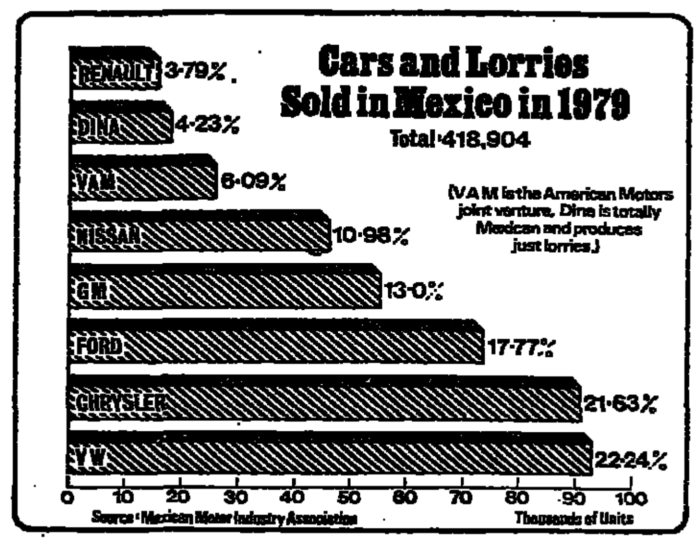
As a result a "Chrysler family" has grown up in Mexico. Only 17 of the 7,300 employees are from the U.S. and all the 8,900 Chrysler de Mexico distributors are Mexican.

This has probably helped it achieve a strike-free history, as has the fact that union officials at Chrysler de Mexico stand for six and not two years, unlike for example, strike-bound General Motors. Worker-management relations are less prone to upsets caused by changes in union leadership.

Having established a commanding position, the policy now as Parkinson says, is "to think in terms of forecasting what the Government is forecasting and plan accordingly."

What with the expanding economy, the Government's foreign exchange regulations, and its rules for increasing local content, the company's projected annual average capital expenditure has soared to at least $100m compared with $10m in the early 1970s.

But it envisages few cash flow problems as it moves into higher gear and does not need to lean on the parent company, not that this would produce anything anyway; nor does the Chrysler Corporation take money from the Mexican operation.



Over the years it has built up a high degree of retained earnings, and so can meet a fair portion of its investment plans from its own internal resources. It borrows from Mexican banks, as well as foreign ones.

About 38 per cent of the $310m-plus of capital expenditure planned for the period 1979-1983 will be spent on a plant for four-cylinder engines being built near the U.S. border.

The first stage of the plant, which will produce 270,000 engines a year and employ 1,600 people, is nearly finished. When it comes on stream fully in the middle of 1981, 320,000 of the engines will be exported to the U.S. for use in the corporation's new K car. The remainder will go to the subsidiary's plant at Toluca, which expects to be producing the K car in Mexico at the end of 1981.

A second stage is planned to cost $80m, raising capacity to 400,000 engines a year by the middle of 1983. The existing Toluca plant will also be modernised to boost production capacity at a cost of $50m. The production of the lorry plant in Mexico City will also be more than doubled at a cost of $20m.

Such expansion is putting considerable pressure on the company to ste up its training programme. By the end of the year, the workforce will have put in about 245,000 hours of training compared with 195,000 in 1979. All of this must be warming the hearts of the Corporation in Detroit and adding some strength to its resolve to recover.

The closer the shave, the wider the margin

BY CHRISTOPHER LORENZ

YOU ARE a senior executive and you work for a small subsidiary of a famous multinational. Your parent is highly profitable, but your own company is struggling to avoid sliding back into the red, as it has so often done before. Along comes a maverick entrepreneur. He buys your company, cuts jobs all around, and then offers you the choice of a certain rise of 7 per cent a year salary, or no increase at all in exchange for the doubtful incentive of an unbelievably generous bonus if you can help return the company to respectable profit within 12 short months.

You refuse.

Your reaction is quite understandable. But you wouldn't make a successful top manager of Remington under the new Kiam regime.

A year ago, under the apt headline "The American company doctor who enjoys a close shave," we described how Victor Kiam, with years of experience as a high-pressure marketing man in women's lingerie (Playtex) and watches (Benrus), had bought the famous Remington electric shaver company from its long-standing but dis-appointed owners, Sperry Corporation (This Page, November 13, 1979.)

Despite Kiam's confidence, and the way he had persuaded outsiders to back him to the tune of $25m, we were sceptical about his chances of success against better-established brands such as Philips and Braun (part of the mighty Gillette empire).

It is still to early for us—together with Philips and Braun—entirely to recant, but it is beginning to look as if we may have to. Not only has the Connecticut-based company paid off is bank debt well ahead of time, but pre-tax profits in its first year under Kiam were several times his projected $1m. As a result, Remington's credit rating has been dramatically upgraded. Instead of paying 3.5 per cent above the U.S. prime, it can now borrow at only 1.25 per cent above.

At the same time, Kiam claims to have increased Remington's market share in both its major markets, the U.S. and Britain (he sees the latter as "by far the most competitive shaver market in the world"). The only self-imposed yardstick Kiam has failed to achieve (or surpass) has been diversification into other products.

Much of Remington's revival would appear to result from Kiam's aggressive exploitation of a shaver which had been under-marketed by Sperry. He has also been helped by the dollar's fall and the rise of sterling; since the shavers are made in the U.S., he has been able to hold prices steady in the UK. Even before its imminent pre-Christmas push, Remington's UK sales seem to be sustaining the 20 per cent increase that they notched up earlier in the year before the recession really struck.

This autumn, like last year, the irrepressible Kiam will himself be seen in peak viewing time on British commercial television, advertising the top of his shaver line with the slogan "Shaves as close as a blade, or now I'll give you your money back."

Human dynamo Kiam may be, but the success is not his alone. He owes much to the efforts of his assistants, many of whom he took over from Sperry when he assumed control in March 1979. Their instant transformation from organisation men into entrepreneurs was confirmed by their reaction at the time to Kiam's bonus offer. Instead of sharing in last year's company-wide wage increase of seven per cent, he offered his top dozen managers—half in the U.S., half overseas—the option of a bonus if they came close to achieving their profit projections.

If they completely achieved the target, the bonus would be 50 per cent of their salaries, which range between $40,000-$60,000. If they achieved only half of it, they would win half of the 50 per cent bonus. Anything in between would secure the same proportion of the maximum bonus. (75 per cent achievement, 75 per cent bonus and so forth.) Even by the incentive-minded standards of American business, it was a remarkable offer.

In spite of the decidedly difficult position of the company at the time, only one man refused it. He left—voluntarily—not long afterwards. As will be obvious from last year's eventual out-turn, all the others received the full bonus. For the current year, Kiam has upped the maximum bonus to 75 per cent of salary.

So there should be plenty of eager (jealous?) listeners next month when Kiam addresses the Marketing Society of Great Britain on "the role of the entrepreneur in the changing world," and, in true American chat-show style, holds forth on radio and TV.

Victor Kiam: "Britain is by far the most competitive shaver market in the world."

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Nexos expects £15m from the typing pool

BY ALAN CANE

OVER 100 companies currently offer computer-based typing systems (word processors) and IBM has 30 per cent of the UK installed base.

So what chance of success has Nexos, the National Enterprise Board office equipment subsidiary which launched its principal word processing product on Wednesday, in such a crowded marketplace?

Mr. Muir Moffat, Nexos managing director exudes confidence: "We expect to sell more than 2,000 units world-wide next year. We have already some 30 orders in this country and our dealers abroad have asked for 550 systems."

At £7,500 each, that would represent a turnover of *£15m* from word processing alone for Nexos in 1981.

There is certainly that potential in the market. Word processing and other electronic aids in the office have taken off more slowly than manufacturers would have liked, but even so, Mr. Anthony Atkinson, head of word processing at consultants Arthur Andersen, reckons the current rate of growth is at least 20-25 per cent a year.

There are, he believes some 20,000 word processors installed in the UK at present, but only 7,000 of those are true computer-based systems using a visual display rather like a television.

Yet he estimates that manufacturers shipped between 4000 and 4500 of this type of system last year alone. Estimates of the *number of manual* typewriters in the UK which could be replaced by word processors vary between 1m and 2m—a total market value at, say, £8,000 a system of between £8bn and £16bn.

But the leaders in the field are some of the biggest and most powerful companies in electronics. They include IBM, Wang, AES-Wordplex, Vydec, Philips, ICL and Datalogic.

Despite the size of the market, the feeling among customers and suppliers alike is that the next few years will see the weeding out of the smaller, weaker companies.

The trend is to stand-alone systems, word processors which have their own inbuilt computer power. Characteristically, the system will comprise a keyboard, screen, storage system for text and data and a printer.

The Nexos offering, the 2200, fits this description. The machine itself was developed by Logica VTS, a word processing specialist. The printer is made by the Japanese company, Ricoh, under licence.

Nexos has set up a new company, Nexos Leasing, to arrange finance for those who wish to lease the machine for £38 a week rather than buy it outright.

What makes the 2200 special, according to Nexos, is the attention paid to ergonomics, the science of the fitness of tools for human use. "Ergonomics in the design of office equipment is like teenage sex used to be," according to Mr. Christopher Ellis, director of strategy for Nexos, "There is a great deal of talk about it but precious little action."

The ergonomic refinements Nexos has built into the 2200 are not spectacular—Mr. Moffat says the customer is not looking for revolution but evolution — but it believes they add up to *considerable improvements in* the environment for the target customer — the executive secretary.

Mr. Moffat points out that the system uses a fast 16-bit microprocessor, the Intel 8086, which means the screen can be refreshed rapidly to eliminate the flickering found in systems using less powerful processors.

The screen itself is large (15 inch) with well defined characters—these appear as bronze on black or black on bronze following research indicating that this combination is least tiring to the eyes. The Swedish company Datasaab uses similar colours on its "Alphaskop" display unit."

The screen face plate is bonded to reduce glare and to give a mellow background colour.

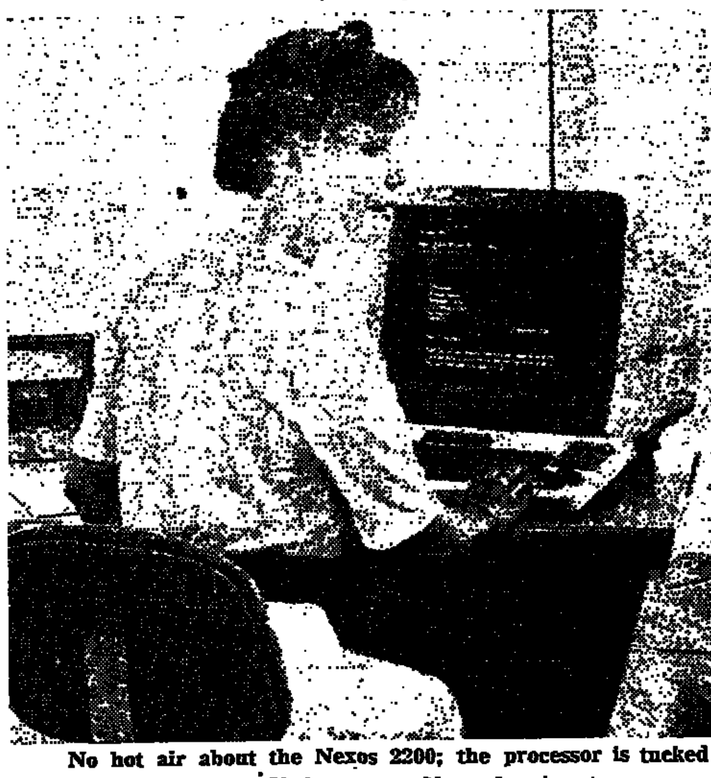
The keyboard and the screen are separate units, joined only by umbilical wiring and both can be adjusted to the requirements of the individual operator. What Nexos is proud of is the fact that the system produces little heat so the operator is not constantly bathed in warm dry air. "Some word processors have fans which blow warm air into the operator's face" Mr. Moffat says. "It is like driving at night with the heater on; it is a major cause of eye strain."

There are some slick refinements in the facilities available to the operator; complex functions can be called up at the touch of a button, the machine can guide the operator through simple conversational language and there is a built-in calculator. It is especially adept at dealing with rows and columns of figures.

But no matter how good the machine is, users want service and maintenance. Nexos, through its acquisition of UDS earlier this year, already has a reliable maintenance force.

At worst it reckons to be able to deal with 80 per cent of service calls within four hours —and it will have to give the quality of the opposition.

But Nexos argues that the 2200 is only the start of a stream of products which will integrate into a total office system—the 2200 has communications hardware already built in so it can be easily linked to other office machines —teletypes, data processors and so on. Mr. Moffat says: "Our big customers know that word processing is not an end in itself and they want to deal with a company that is leading them somewhere."



No hot air about the Nexos 2200; the processor is tucked away under the desk top

● TRANSPORT

Weighs big vehicles

LATEST addition to the portable vehicle weighing systems produced by Trevor Deakin Consultants is the Logaload which handles loads up to 20,000 kg, measuring in increments of 10 kg.

It gives a printed record of axle weight and computed gross and net vehicle weights.

The company claims that by basing the design of the system on two weighpads, the high costs of heavy components and civil works have been avoided. The weighpads, each measuring 1,200 by 750 mm are installed in shallow pits about 150 mm deep and constructed with centres about 1,800 mm apart. This arrangement caters for the majority of vehicles having wheel spacings with outside dimensions ranging from 800 to 3,000 mm.

The equipment has two main modes of weighing: in one, each axle is weighed while the vehicle is stationary while in the other, the vehicle is driven over the weighpads at a fixed speed not exceeding 4 km per hour and each axle weight is automatically recorded while the vehicle is in motion.

In both modes, each axle is weighed individually and the total for as many as nine axles is printed to give gross vehicle weight. If the tare weight has been keyed in, this will also be printed and subtracted from the gross figure to record net weight.

Trevor Deakin Consultants (PO Box 4, Rode, Bath BA3 6YA) says that arrangements for UK distribution of the system have been made with Wessex Weighbridges of Bradford on Avon, Wilts.

● AGRICULTURAL

Advice on micronutrients

AS ANY good gardener knows, the *health* of plants is as dependent on minute traces of specific metals as it is on sunlight, nitrogen, potassium and phosphorous.

The metals in question are boron, copper, manganese, molybdenum and zinc—without minute traces of these major micronutrients, plants grow either in a sickly fashion or not at all.

Now an advisory centre has been established to help to provide the technical information on micronutrients required by all sections of the agricultural industry.

The Micronutrient Bureau has been set up in Tring, Hertfordshire under the direction of Dr. Victor Shorrocks, formerly of the Malayan Rubber Research Institute and an authority on boron in agriculture.

The bureau will operate world-wide; one of its basic objectives is to link all those concerned with the use of micronutrients and who wish to see them responsibly and effectively used.

Registers of micronutrient products will be built up, the organisation says, together with their suppliers and scientists carrying out research work.

Quarterly bulletins of abstracts for each of the important trace elements are being pub*lished. The first issue of Boron in Agriculture*, for example, carries abstracts of work on the control of chlorosis in broad beans and the effect of boron on seed setting in wheat in north Bihar. The bureau can be reached on 044 282 2720.

● PACKAGING

Makes the labels disappear

GOOD NEWS for those who have struggled to remove labels from products or presents—such as price tags on plastic, china, glass or metal, mineral *water and beer bottles.*

There is now a self-adhesive material which can be printed on and, when submerged in water at a temperature of 20 degrees C, will completely disintegrate in less than a minute.

So claims Stampiton Labels, Stockport (06633 3535) which says that once removed the material does not leave unsightly residue or damage sur*faces to which it has been* applied.

● COMMUNICATIONS

More words between pauses

A TELEPHONE line doubler (TLD) developed by the Electronics Corporation of Israel, 88 Giborei Israel Street, Tel Aviv (Telex 033-578) is shortly to be given a trial run between the UK and Israel. Several British companies have already indicated interest in manufacturing it in the UK.

The trunk line doubler is based on the TASI (Time Assignment Speech Interpolation) system which doubles the capacity of existing lines by utilising the pauses in speech in each direction on existing lines.

Advantages of the Israeli system over those being *developed in the U.S.* and France are said to be its small size and its mobility. It can be shifted from area to area as in the case for special events when more lines are required or as an interim solution in areas where new central exchanges are being built.

It does not require control channels between the two ends and its cheapness makes it applicable not only for trans-oceanic or trans-continental trunk lines but also for domestic use on short distances. It complies with all relevant international standards, adapts to all signalling methods, has analog and digital compatibilities and good voice quality.

The system has already been tried out successfully in a number of foreign countries. The company recently signed a contract for its manufacture with the Stomberg-Carlson Corporation of Tampa, Florida (a General Dynamics subsidiary) under which that corporation will make and sell the *system in the* U.S. and Canada. Portugal, Spain and Ireland have already placed orders. Ten systems are in use with the Israel PTT.

The company intends to make direct deliveries mainly to countries without local manufacturing capability but it is open to suggestions for licensing agreements with countries capable of producing and assembling the system.

LORE DANIELS

● HANDLING

Safe storage of liquids

A CONTAINER made of material which is recommended for carrying wine and liquid foodstuffs is also suited to handling and storage of chemicals and allied products, adhesives, paint, printing ink, cosmetics and perfumery, says Van Leer (UK), Van Leer, West Byfleet, Surrey (Byfleet 41161).

Specially designed with a low centre of gravity for exceptional safety and stability, this rotationally moulded intermediate bulk container (IBC) is a 250 gallon polythene product whose lid has a toggle closing which eliminates the need for a separate metal closing ring, further reducing the risk of corrosion.

Its low centre of gravity has been achieved by removal of the sump to enable the bottle to sit from nine to 12 ins closer to the stillage, and to replace the function of the sump, the company has developed a new internal channelling feature for the base and valve outlet so that total gravity evacuation is possible.

Van Leer also says this is the first plastic IBC which can also — if the contents require it — be decanted under pressure. It has been designed to withstand an internal pressure of 3 psi.

● IN THE OFFICE

Reduces the telex clatter

PROMISING TO make life in the office more bearable is a telex silencer cover which is said to reduce noise levels in the telex room, etc., by up to 85 per cent — or 14dB(A).

This has been laboratory tested and Post Office permitted, says Noise and Security Appliances, Byron House, Wallingford Road, Uxbridge, Middx. (Uxbridge 59575).

It has a hinged lid and stay which enable the operator to change the roll quickly and easily, a clear hinged keyboard cover, and provision for what the company describes as a unique copyholder which clips to the side of the cover and holds messages. First hundred buyers of the telex cover will get one of these lectern brackets free of charge.

Clocks and calculators fit pockets

TWO NEW quartz clock/calculators as slim as credit cards or pocket diaries have just been launched by Systema Watch Co., 371 Station Road, Harrow, Middx. (01-427 2352).

A credit card size clock calculator with alarm is called the LC 1501 and will retail at about £14 (inc. VAT).

More sophisticated is the LC 1503 with a large display, two alarms (with different sounds), a countdown alarm (also different sound), 200 year calendar and stopwatch. This is pocket-diary size and is supplied in a wallet with window for continuous time display. It costs about £18 with VAT.

Both models have the latest liquid crystal displays.

هكذا من الأصل

FINANCIAL TIMES SURVEY
Friday October 31, 1980

Banking in France

Like most Western nations, France is pursuing a tight fiscal and monetary policy to combat inflation and its ills. Within these limitations, however, attempts are being made by the Government to reduce the highly centralised direction of the economy and introduce more liberal market policies.

Slow process of change

By Robert Mauthner

ONE OF the most striking aspects of the French Government's management of the economy over the past four years has been the stubborn manner in which M. Raymond Barre, the Prime Minister, has pursued tight monetary and credit policies. The fight against inflation, the balancing of the country's external accounts and the stability of the franc on the foreign exchange markets have remained M. Barre's principal objectives ever since his appointment in the summer of 1976. But, if the last target has been attained—the franc is currently at the top of the European Monetary System—inflation has not been brought under control and the second oil price shock quickly reversed an impressive improvement in the trade balance two years ago.

Undeterred by the growing criticism of his policies, incurred by a failure to achieve frequently repeated objectives, or by the marked slowdown in economic activity this year, M. Barre has stuck to his guns. His argument is that, with inflation running at more than 13 per cent over the past 12 months and a cumulative trade deficit of FFr 46bn (about £4.6bn) since the beginning of 1980, there is no alternative at present to stringent monetary and credit policies.

The way these policies are applied is by the public announcement each year of a monetary growth target—in the case of France, the broad definition of the money supply, M2, is used—and the direct control of the growth of bank credit by the setting of growth norms.

The practice, since the first announcement of a quantified target for the growth of money supply for 1977, has been to fix the maximum rate of increase at slightly below the expected rise in nominal gross domestic product. But the target has not always been respected, notably in 1979, when year-on-year money supply growth was 13.4 per cent, compared with an official objective of only 11 per cent.

The fact is that, while the system of bank credit growth ceilings, known as *encadrement* in France, appears to be very rigid, its application tends to be very flexible. Right from the start, there were important categories of credit, such as medium-term export credits, some types of housing loans, credits to small businesses and loans to install energy-saving equipment, which escaped the net. Until the autumn of 1977, they were completely free from any restrictions and were thus responsible for a growing proportion of the growth in the country's money stock, accounting for as much as 34 per cent of total bank credits at the end of 1977.

Stimulation

Since then, the authorities have taken steps to plug this gap in the system. The proportion of unrationed credit growth transferred to the amount of controlled credit, which was set at 20 per cent in 1978 and 30 per cent in November 1979, was raised to 40 per cent in January 1980 and subsequently to 50 per cent at the end of February this year. The figure has recently been reduced to 40 per cent again, but only to help exports and housing, both sectors which were in need of stimulation in the present slack economic climate.

However, the reintegration of unrationed credit into the growth norms system was too small to make any difference last year, when non-controlled credit was mainly responsible for the rapid growth of overall bank credit. Indeed, the gap between the rates of growth of controlled credit and unrationed credit became even wider in 1979. Over the 12 months of the year, the increase at an annual rate was estimated by the OECD to be 9.3 per cent for controlled credit, but as much as 27.3 per cent for unrestricted credit.

The view of both the French authorities and international experts is that the subsequent stiffening of the *encadrement* should produce a better performance in the current year, during which the money supply target has remained at 11 per cent. Though this target has been lowered again to 10 per cent for 1981, that is not quite as restrictive as it sounds, because of the expected slowdown in economic growth to below 2 per cent from at least 2.5 per cent in 1980, which should reduce the demand for bank credit.

If this year's growth in money supply is likely to be close on target, it is also largely thanks to the development of the French domestic bond market, which has been particularly striking this year. During the first nine months of 1980, bond issues totalled FFr 87bn, roughly twich as much as during the same period last year, and they are expected to reach FFr 110bn for the year as a whole, compared with only FFr 68bn in 1979.

These figures are an eloquent demonstration of the switch that has taken place from short-term to long-term savings, described as a "veritable revolution in French habits" by one respected French commentator. It explains the fall in the deposits of savings banks since the autumn of 1979. For the first time in 10 years, withdrawals from savings banks have almost equalled deposits over the past 2 or 3 months and, in some cases, have been even exceeded them.

Instrumental

The Government and nationalised utilities have been largely instrumental in bringing about this development which, according to M. Rene Monory, the Economics Minister, will allow the Treasury practically to refrain from creating any money this year. Three state loans floated by the Government since the beginning of this year, will have brought in some FFr 31bn—almost sufficient to cover the entire budget deficit for 1980.

In order to achieve this transfer of savings, however, the Government and state utilities have been obliged to offer historically high interest rates, well above the current rate of inflation. Starting with 12 per cent for the first state bond issue this year, the rate has risen by leaps and bounds to 13.25 per cent for the second loan and 13.80 per cent for the third. In the case of the nationalised organisations, the rates have been even higher, increasing from 14 per cent at the beginning of the year to nearly 15 per cent currently. In other words, lending to the Government has become twice as profitable as opening a savings bank account.

The one big drawback of such a policy is the big cost of servicing this debt which will have to be borne by the Government and nationalised enterprises, particularly if the rate of inflation comes down from its present high level in coming years. The only alternative would be floating rate bond issues, but these have not, so far, found real favour with the French Treasury.

Meanwhile, the system of direct controls of bank credits as the chief instrument for keeping the money supply in check continues to be strongly criticised by the banks. Not only does it restrict competition by freezing market shares—and thus penalises the more dynamic institutions—but it favours the large banks and companies at the expense of the smaller ones, they claim.

The reply of the Government, which has made it clear that it favours a dismantlement of *encadrement* in the long run, is that it would be dangerous to abandon the main tool for controlling the money supply as long as inflation is running at its present level. But there are some fundamental arguments against such a move which have more to do with the structure of the French monetary and banking system than anything else.

As a special OECD study on monetary targets and inflation control, published last year, has pointed out, the traditional structure of the French financial system and the money market are such that the central bank cannot easily ration its own credit to the banks, and hence the quantity of reserve money in circulation. Commercial banks are largely dependent on the central bank to meet their reserve money requirements. To prevent sharp pressure on money market rates, the central bank normally provides the banks with the means to cover their liquidity needs.

Upshot

The upshot is that the monetary authorities are not in a position effectively to control monetary expansion directly by controlling bank liquidity, nor indirectly through interest rates.

An important reason why interest rate policy cannot replace the present French credit corset as the main instrument for controlling the money supply is that such a large amount of credits are granted at preferential rates, well below market levels. Some 65 categories of soft loans granted by special state financing institutions such as the Credit Agricole, the Credit Hotelier and the Caisse des Depots have been identified. Indeed, according to Bank of France figures, loans at preferential rates represented as much as 44 per cent of total banking credits to the economy in 1979.

It will therefore require some very fundamental reforms of the banking system before *encadrement* can be dropped altogether. While a start has been made by the Government partially on the basis of proposals made in the so-called Mayoux Report, only the surface of the problem has so far been scratched.

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Government has master say

Industrial Finance

TERRY DODSWORTH

A RECENT study published by the Bank of France came to the conclusion that almost 44 per cent of the credits given to French industry in 1979 carried an interest charge lower than the prevailing market rate. In one way or another, through direct subsidies or tax priviliges, virtually all of these concessions were financed by the State. According to some commentators the report probably understates Government aid of this kind, but what it shows undisputably is that three centuries after Louis XIV devised the corporate State, the Economics Ministry still exercises enormous control over the direction of French investment decisions.

The idea that the State has the right to create a hierarchy of industrial priorities is fundamental to the French system. Although the present Government has brought in some general reforms designed to inject more market forces into the industrial structure, there is no sign that the apparatus of banks and quasi-banks that influence industry will be undermined.

This labyrinth of privileged lending institutions took on its present form and influence after World War I, when the Paris Stock Exchange began to go into decline as a channel for financing industry. In the period after World War II the lending system was greatly expanded to help the reconstruction drive, with special emphasis placed on housing and local authority infrastructure investment and some aspects of industrial and commercial development as well. Thus by the 1950s the main financing institutions were well entrenched in these various sectors, including the Caisse des Depots and the Caisse des Prets aux HLM (local authority and housing loans), the Credit National (larger companies), the Credit Hotelier (originally hotels and later smaller companies), and the Crédit Foncier (land).

Requirements

By the time General de Gaulle returned to power in the late 1950s, however, there was a clear need to direct more investment funds into the expansion of manufacturing industry proper. These requirements led to the creation of the Fonds de Developpement Economique et Social (FDES), which is allocated funds in the annual Government budget to distribute to industry. These aids were designed in general to be channelled through the lending institutions, either in the form of direct grants or privileged interest rates.

Alongside this industrial development process, the Crédit Agricole mutualist banking system, designed to give farmers access to cheap finance, was greatly expanded as part of the Government strategy of encouraging the population shift from the land to the industrial conurbations. The farming community was slimmed down dramatically, while output was improved through investment in modern equipment.

Since the deterioration of the economic climate in the late 1970s, the FDES has taken on a new importance, while being joined by another "crisis" fund, the Fonds Special d'Adaptation Industrielle (FSAI). The FSAI was created specifically to deal with financing industrial change in the hard-hit steelmaking and shipbuilding zones over a limited period, although there is a possibility that its FFr 3bn capital will be topped up at a later date.

During the 1970s Government thinking also evolved towards the idea of helping industry by direct investment rather than loans. This led to the creation of a number of specialised institutions, led by the Institut de Developpement Industriel (IDI), designed to funnel finance into expanding companies either through subordinated and convertible loans or direct equity stakes. Alongside IDI, in which the State is the most significant shareholder, a large number of regional organisations also developed — the Societes de Developpement Regional (SDRs)—to perform the same function, with direct aid from the State, at a local level.

This panoply of banking, quasi-banking and investment organisations has grown up in such an ad hoc way over the years, answering particular needs at particular times, that it now leads to considerable confusion. Many industrialists are in favour of streamlining the system, complaining that raising money has become too complex a business, while leaving too much power in the hands of centralised organisations dependent on the patronage of the Paris bureaucracy.

There are strong indications that M. Rene Monory, the Economics Minister, sympathises with this view. One of the underlying ideas of his Bourse and banking reforms is to introduce more market forces into the financial system, thus moving away from concessionary financing by means of an administered banking network. Indeed the regime of privileged interest rates raises an almost insurmountable problem in controlling money supply growth through interest rate policy, thus forcing the Government to adopt its restrictive credit ceilings system which locks banks into a process of giving loans only in the same sectors as the previous year.

But, as M. Monory found recently in reforming aid to small and medium-size companies, there are considerable vested interests against change. It was only after a tough battle that he was able to push through this reorganisation, bringing together three lending institutions in this field—Credit Hotelier, Caisse Nationale des Marches de l'Etat, and Groupement Interprofessionnel des PME.

The new organisation—CEPME—illustrates the way in which different elements of the financial system interlock in France. CEPME will from now on be the main avenue for financing small companies (PMEs), although M. Monory has made it clear that it has no monopoly in this field. It will be 51 per cent owned by the nationalised Caisse de Depots and the State, which makes subsidies for the FDES available to this sector through the new organisation. The other big shareholder is the Banques Populaires, the widely-based mutual institutions which had an interest in Credit Hotelier, mainly to serve as another lending arm to underpin their standing with depositing clients.

Finance for CEPME comes partly by issuing bonds on the market (75 per cent of Credit Hotelier's funds were raised in this way last year), and the rest from the FDES and special Government credits for specific projects. Many of the interest rate subsidies mean nothing more than the Government making up the difference between the lower interest rates that would be available to big companies borrowing on the bond market and the higher rates which smaller companies without this facility are forced to pay.

Treatment

Small and medium-size companies, and the even smaller "artisan" organisations, are special concerns of the Government at present, thus demanding special treatment of their own. But in global terms Government aid can be roughly split into four main areas.

● The housing sector, where privileged loans are given to individuals and local authorities. Although this lending is not of direct interest to individual companies, it is clearly influential in governing the state of the construction sector. Both the big banks and the Caisse des Depots, the highly-influential nationalised body which manages the funds of the savings banks, are active in this field.

● The agricultural area, where the scene is dominated by Credit Agricole, now rated as the largest bank in the world on some criteria. Credit Agricole gives soft loans to farmers, funded by tax privileges and the enormous deposits which have become available as farmers bank with the organisation in order to qualify for its credits. *Although Credit Agricole* is now being gradually forced to normalise its operations—farming reform is no longer the issue it was 20 years ago—its rates are still highly preferential. In 1979, according to the Bank of France study, its interest charges stood at 7 per cent a year against a normal average of 14.1 per cent on loans in the property and land sector.

● Exports have also been singled out for special treatment in recent years, as France faced up to the problem of paying for its rapidly rising oil bill. Rates for this finance, channelled through the main banks were situated at around 8 per cent last year for trade with stable countries outside the EEC.

● Finally, there is a whole range of investment assistance, mainly directed through the FDES, but also by way of a bewildering series of special credits established for particular circumstances—loans for energy saving investment, for example, or for modernisation of the forest exploitation industry for high technology industry and the Concorde programme. According to the Bank of France study, not all the rates in this sector are clear cut, but the average last year was about 9.5 per cent, while the Special Adaptation Fund, for example, can give loans at between 3 and 5 per cent for a maximum of 50 per cent of the investment.

Altogether, the Bank of France calculates that these different institutions lent some FFr 308bn at preferential rates last year. Since 1974 the percentage of these soft loans in the total of credits has been gradually expanding, from a figure of 38.3 per cent to 43.8 per cent last year. This evolution underlines the importance of the Government-assisted sector in France, and gives a clue to why M. Monory is stubbornly aiming to redirect industrial financing to the markets.

Big Three stirred into quiet revolution

State Sector

BY A CORRESPONDENT

THE STEADY push towards a more liberal and less regulated economy by the French Government is starting to have a major impact on the Big Three nationalised banks. Together they dominate the country's commercial banking scene and have always been a favourite target for would-be reformers. In the past, proposed reforms have usually run into the sand after an initial and agitated debate has calmed down. But a combination of technical measures decided by Economics Minister M. Rene Monory and the dedicated application of monetarist policies in the management of credit markets is now producing a quiet revolution.

Each of the Big Three—Banque Nationale de Paris, Credit Lyonnais and Societe Generale—regularly features in the lists of the top 10 commercial banks in the world when measured by balance sheet totals. This has been both their strength and their weakness in the eyes of successive governments. Their sheer size means they can be major players in international banking—a role the Government is keen to see developed—but at the same time it makes them sitting ducks to accusations they are over-centralised and uncaring about the financing needs of small- and medium-sized businesses in the regions.

These conflicting views have led to a wish both to stop them getting any bigger and to break them up into smaller units.

In his typically pragmatic fashion M. Monory, significantly himself a successful businessman in the provinces in his private life, has found a way out of the dilemma which has stumped legions of more academically orientated theoriticians. His starting point is simple. He wants to see financially sound banks competing with each other. His solution is effectively to slow down the rate of growth in the Big Three, speed up the growth of small regional banks and at the same time encourage the big banks to give more authority to regional managers.

Each year M. Monory sets a ceiling for M-2 money supply growth (11 per cent this year and 10 per cent in 1981) and leaves it to the Conseil National de Credit to translate the ceiling into credit growth norms for broad groups of banks. Systematically, the smaller *regional banks have received* bigger allocations than the large banks, enabling them to go on lending when the Big Three are fully lent. Attempts to increase lending beyond permissible limits are heavily sanctioned by a system of penalty deposits which must be made interest-free with the Bank of France. In the early days of the credit allocation system the nationalised banks tended regularly to overshoot their allowances, and the penalties cut deeply into net profits.

This situation resulted in a steady worsening of the French banking system's capital-to-loan ratios. By the end of 1978 it had fallen to around 2 per cent, compared with 5 per cent in comparable European countries. M. Monory therefore introduced measures in April 1979 that gave banks three years to improve these ratios. By the end of June 1982 banks with a 5 per cent ratio must stay at that level, those with ratios between 3 and 5 per cent are expected to make up half the difference between current levels and 5 per cent, and those with ratios below 3 per cent must add at least 1 percentage point to current levels by the target date. The careful graduation of the required improvement was specifically designed to help the nationalised banks. But at the same time M. Monory warned them that they should not look to the Government to build up their capital base, as has happened in the past.

Possibility

This left the managements of the nationalised banks with the possibility of earning more profits in order to add more retained reserves to their capital base, and of issuing shares to the public as the only feasible way of achieving the goals. A law dating back to January 1973 already permitted the Big Three to place up to 25 per cent of their share capital with private holders. Until the Monory reform it had been used basically to provide shares for staff, but in line with the new approach Societe Generale made a 1-for-20 rights issue in April this year. The Government sold off its subscription rights and the private shareholding in Societe Generale's capital duly rose from 8.56 per cent to 12.92 per cent.

M. Monory, with evident delight at the public response to his new ideas, then proclaimed that this operation would be the first of many. But his optimism was quickly doused when Credit Lyonnais looked at a similar approach. Its 1979 net profits were FFr 297m, up nearly 30 per cent on the previous year, but modest compared with Societe Generale's FFr 511m and the BNP group's FFr 584m. Faced with the prospect that an attempt to sell shares to the public against the background of this profit performance might be a less than howling success, M. Monory reversed his earlier decision to end Government contributions to capital and in May this year lent Credit Lyonnais FFr 500m.

The Economics Ministry smoothed over the outraged howls from other banks, which are denied the possibility of incorporating bond issues in their capital base, by citing the exceptional character of the operation.

After the dust settled the message to top management of the Big Three became self-evident—that top priority must be given to improving profitability—otherwise the share issue route to a stronger capital base will be difficult. In an environment of high interest rates, which are squeezing operating margins, a soft economic situation and effectively rationed credit, the necessary profit improvements are calling for exceptional management skills. The comfortable oligopoly which existed for the best part of 30 years after the war has now ended. This is leading the nationalised banks into doing precisely what M. Monory wants—compete and use their resources better.

The large-scale introduction of data processing, the use of remote terminals throughout the extensive branch networks and similar modernisation efforts are helping big banks to hold staffing levels steady or even pare them back. This is enabling the Big Three to handle larger volumes of business at a lower unit cost. At the same time the drive for profits is forcing a close look at the branch network itself and although the overall numbers of branches remain fairly steady there is a move to close down the unprofitable and concentrate in bigger and larger volume units.

The shift away from less-skilled counter clerk jobs is changing the personnel mix slowly and at the same time opening up better career prospects for a traditionally demoralised labour force. With a better motivated and more highly qualified staff moving *through the system*, top management is looking to kill the bureaucratic approach to banking that has bedevilled it in the past.

An important area where the Big Three are looking for better profits is in international banking. The present attractiveness of the franc as a diversification asset for Arab OPEC petrodollar holders, coupled with their interest in placing dollars with non-U.S. banks, has led to a Euro-currency influx of the order of $10bn. to French banks since the start of the year. This inflow is providing the ammunition for all three to enhance their role in the markets and they are steadily gaining the reputation for being skilled and aggressive participants.

Wholesale

Added to their traditional and profitable business in trade financing, this development is leading to healthy gains in the profits per employee generated, as well as pushing them deeper into the potentially more rewarding wholesale banking sector. On the domestic side, BNP in particular has been pushing for large retail accounts. In 1979 it achieved its goal of passing the 5m account mark, leading to a relative change in its own product mix partly at the expense of the other two nationalised banks. Views among bankers about the wisdom of this development from the profit point of view differ, but it is producing a diversity of approach and some real competition—just the element M. Monory is seeking.

Despite the Credit Lyonnais incident earlier in the year, the banking community in France expects M. Monory to pursue his policy of forcing the Big Three into the market place for new capital. If the three banks each eventually arrives at a position of having 25 per cent of its shares held by the public, this will act as a reinforcement of the trends now underway. All the indications are that the push for a profit-orientated approach to banking is there to stay. The temptation to hive off an even larger percentage of capital to private shareholders will then become almost irresistible to economic liberals like M. Monory—but that is a battle for the future.

French issues retain prime world rating

Borrowing

FRANCIS GHILES

ALTHOUGH ITS current account has moved into the red this year, France has not resorted on any greater scale than last year to borrowing in the international capital markets. During the first nine months of this year French borrowers raised $1.56bn of publicised new international bonds and $1.78bn of syndicated credits from international banks. These figures compare with $1.64bn and $1.65bn respectively during the corresponding period last year.

The "missing" funds which some observers believe France has raised during the past nine months are probably accounted for by very private placements such State companies as Electricite de France have made with some of the wealthier oil producers like Saudi Arabia, Kuwait and Iraq. Funds may also have been raised from Iran's central bank, Bank Markazi, which chose Paris as one of the centres to redeploy its deposits earlier this year after the U.S. freeze of Iranian assets.

Some domestic franc issues have also been larger than usual, and there are indications that part of this paper too was placed directly with Middle East investors. The net result of this fairly moderate level of public borrowing is that French names remain very much in favour with investors, notably institutions.

One of the reasons for this impeccable image is that the personalities in charge of French borrowing do not change—any more than does the institution where they work, often referred to in Paris as the "fortress of the Rue de Rivoli." The Tresor (Treasury) remains a bastion of power and is likely to do so for the foreseeable future.

Whether French borrowers are actively raising money in the international capital markets or not, they always expect to get the finest terms on offer. This insistence is the lynchpin of the Tresor's attitute towards borrowing in the international markets.

Of course there are the odd occasions when the Tresor does try to have its cake and eat it. There was a famous case when, after having squeezed very fine terms for a borrower it was bringing to the market via one of the leading Paris banks, the Tresor official present at the pricing insisted that the lead manager also provide an assurance that the issue would not drop below a certain price in the secondary market. This "Jacobinisme" is not always appreciated by French or foreign banks, but they usually go along with it.

The Tresor is undoubtedly the most powerful institution in France outside the President's office. It has been thus for many decades and one can trace its influence back to the days of King Louis XIV's powerful leading minister, Colbert.

All-pervasive

The Tresor not only controls the raising of funds but their allocation to other Ministries, State organisations and local authorities. It represents the State on the boards of the country's three large nationalised banks—Banque Nationale de Paris, Credit Lyonnais and Societe Generale. Its influence on State corporations endows it with an all-pervasive means of influencing the country's economic and financial works. France is not only very administratively centralised: it is also a country with a very large State sector indeed.

The banks meanwhile have continued this year to play an active role in the Euromarkets.

As in years past Credit Lyonnais has regularly hit the headlines with syndicated credits which boasted terms yet finer than seen in the market for many years. These loans were always for French borrowers, who appear to enjoy the reputation for hard bargaining they have acquired over the years. Such was the case with a loan for Credit National last December.

But the finest terms of the year were arranged by Banque de l'Indochine and Dillon Reed for a $200m loan for Credit National last July which boasted a spread of ⅜ per cent over the Libor rate. Although higher than the ¼ per cent element in a loan arranged a little later for Gaz de France, the funds raised by the former were cheaper for the borrower than those raised by the latter.

Among French banks BNP has taken first place in the league table of syndicated credit managers from Credit Lyonnais. Maybe as a result, however, it has slipped from second to third place as lead manager of new bond issues. The most notable feature here is that Paribas has sprung from the bottom of the league table to the top in one year. Nobody in the bond market is likely to forget that Paribas led two Eurobond dollar issues for the World Bank in quick succession last June. These were the first-ever dollar Eurobonds for this very prestigious borrower and the first time in three years it had publicly borrowed dollars. Paribas has built up its market-making and trading department over the year to such an extent that it felt able to announce it to the world than with this resounding coup. Many investment bankers were aggrieved—but then Paribas, having displayed typical Gallic panache, sat back quietly and enjoyed the effects.

SYNDICATED LOANS LEAD MANAGED*
($bn)

	Jan.-Sept. 1980	Jan.-Sept. 1979
BNP	8.18 (26)	1.72 (8)
Credit Lyonnais	7.65 (48)	3.68 (19)
Societe Generale	4.63 (18)	1.47 (9)
Paribas	4.13 (15)	0.50 (8)
CCF	2.22 (24)	0.51 (17)

(Figures in brackets represent number of deals.)
Source: Capioan International Finance Data Inc.

EUROBONDS LEAD MANAGED*
($m)

	Jan.-Oct. 1980	Jan.-Dec. 1979
Paribas	800	80
Societe Generale	600	530
BNP	250	430
CCF	225	443
Credit Lyonnais	200	317

* Excluding private placements. Full amount of each Eurobond issue credited to lead manager or shared among joint lead managers.

In search of wider roles

Co-operative Banks

DAVID WHITE

BETWEEN THE nationalised and private sectors of French banking lies an important third group—the co-operative banks. Although the biggest of them, Crédit Agricole, has now established itself among the very top names, not only in French but in world banking, the others are curiously little known outside the country.

Although their basic strength still derives from the special functions they were created to perform, the co-operative banks have become progressively less specialised, more like other banks and, by the same token, more resented by other banks.

The main co-operative groups—Crédit Agricole, the Banques Populaires, Crédit Mutuel and Crédit Coopératif—have in one way or another outgrown their original roles. The network of Banques Populaires, at first geared solely to small businesses, was allowed to extend its services to individuals in the early 1960s. Crédit Agricole, founded to answer the needs of farmers, became the sole handler of subsidised farm credits and now has a virtually free range of action throughout rural France.

Farmers and farm workers, while still providing around 30 per cent of the bank's deposits, now make up only 18 per cent of its customers. The "green bank" has come to be regarded by the banking establishment as the "green hydra"—a kind of parallel civil service gradually pushing out its tentacles into every sector.

Crédit Agricole's privileges were cut back considerably under a compromise agreement reached with the Government just under two years ago. Two-thirds of its untaxed "surpluses" are henceforth considered as profits and taxed at the normal 50 per cent rate; as a result the 1979 surplus came down by almost half to a measly FFr 1bn. The bank was told to hold back in the home savings market, where it was taking an ever-growing share, and to play a more effective role in placing State sector bond issues.

The other side of the bargain was that Crédit Agricole would be freer to develop its activities in its own rural and agricultural specialities. As from next year it will be financing non-agricultural businesses in the country and agricultural businesses in the towns.

The controversy, however, is still not settled. The Government is insisting on a new statute for the bank and has appointed three experts to spend the next six months drawing it up.

The Government and the bank have also indulged in a tug of war over the fat surpluses accumulated in past years, the object of sharp criticism from the country's Accounts Court. It has so far been agreed that the bank will keep a third of the FFr 900m accumulated in 1975 and 1976 and devote the rest to various assistance projects.

Credit Mutuel, another fast-growing institution, until recently regarded as a provincial outsider, also had its privileges severely circumscribed last year. Dealing mainly with loans to families and local authorities, the bank, which used to have little activity outside its base in Alsace, had built up a nationwide network, taking with it a tax-free savings account system run on the same lines as those available in the post office and standard savings banks.

Its deposits in these accounts had been growing by 30 per cent a year as people, having reached the maximum level in their post office accounts, started new ones at Crédit Mutuel. The Government cracked down, prohibiting people from opening concurrent tax-exempt accounts in the future and subjecting Crédit Mutuel to the same corporate tax conditions as Crédit Agricole.

All this provoked a sharp protest from Credit Mutuel's outspoken Alsatian chairman M. Theo Braun. But if he was not satisfied, neither were competitor banks, which resent the fact that Credit Mutuel clients still enjoy a privileged tax rate on savings interest. Given the bank's importance as a source of finance for local government, the authorities could not go too far in cutting off its access to funds.

The organisations have developed into complex structures. Credit Agricole is typical, with two central bodies, one a nationwide federation representing member banks, the other a *Caisse Nationale*, set up in the 1920s with a Government appointee at its head. Under this are over 90 regional banks and 3,000 local co-operative banks.

Exclusively

The No. 2 group, the Banques Populaires, has three central bodies, a representative organisation, a *Caisse centrale* and an important finance institution for industry and tourism, Credit Hotelier. The network is made up of 37 regional banks and two specialised countrywide banks, including one destined exclusively for teachers in the State school system.

Credit Mutuel, whose origins are German rather than French, since Alsace and Lorraine were under German rule when it was started, similarly has a national federation and a *Caisse centrale* with a network of intermediate regional bodies between them and over 3,000 local banks. Membership is 1.8m, compared with 3m-plus at Credit Agricole.

Despite their enlarged scope, the banks continue to play special roles. Credit Agricole, the one which has gone furthest afield—its activities range from international bonds to package tours—undoubtedly has the most crucial.

The bank says it was duped by the Government at the time of the 1978 agreement. Credit restrictions, it claims, have stopped it from taking advantage of its side of the deal. The Government is unmoved. Credit Agricole's lending, it says, rose by 16 per cent last year as against 14 per cent for the whole of the French banking system, and the same trend is likely to show up this year, with the total of its loans possibly exceeding FFr 50bn.

Against this, the bank warns of the threat of a fresh credit *curb—through lack of resources.* The volume of deposits collected last year rose only 14.7 per cent after 15.4 per cent the year before. Credit Agricole has held on so far to its market share, but the going will be tough as Frenchmen increasingly turn to mutual funds and bonds. With 95 per cent of French households already in the banking system, competition for deposits will get stronger.

Urged to expand operations

The Bourse

TERRY DODSWORTH

REFORM OF the Bourse is a central element in the present French Government's efforts to reorganise the financial and banking systems. What M. Monory, the Economics Minister, is aiming at in essence is to develop a more flexible and less centralised set of institutions for the financing of industry. This should, it is argued, reduce industry's reliance on the banks—which caused heavy indebtedness and considerable financial difficulties in the mid-1970s—while making companies more responsive to the need to make profits and demonstrate a healthy performance to potential investors.

At the same time the Bourse is being called on to play a significant role in the fight against inflation. To reduce money supply growth the Government has clamped down on bank lending, enclosing it in the tight *encadrement de credit* straightjacket which regulates the growth of lending by sector every month. Funds therefore have to be sought elsewhere—from profits (which explains the relaxation of price controls to give better margins) or the equity and bond markets.

Even for State finances an active Bourse has grown in importance. The Government has been trying to stabilise taxes while at the same time financing a considerable deficit within strict norms of monetary creation—money supply growth is aimed at a slightly lower rate than the expansion of the Gross National Product.

Thus the authorities have started to go to the bond market to finance more and more of the deficit. Last year the Government raised about FFr 15bn ($3.6bn) this way and this year it will seek about FFr 31bn; during the same period an increasing percentage of the nationalised industries' needs have been financed through loans.

So far this financial strategy has worked. No one expects banking reform to be achieved quickly — indeed M. Monory has adopted a cautious step-by-step approach. But the Economics Ministry has made a spectacular impact with its policies to revitalise the Bourse, which had been left languishing in a long depression after the post-oil-crisis collapse of seven years ago.

The first step in this process was the introduction of the now celebrated SICAV units trusts, an instrument designed especially for the small family investor. The SICAVs give tax benefits rated on the size of the family, thus attracting the sort of non-professional but serious long-term saver who has tended to avoid the Bourse in recent years.

Attracted

Despite the fact that the growth of real earnings has been reduced to virtually zero in the past year, new investors are still being attracted by the SICAVs. Some 1.5m to 2m individuals who have never before thought of the Bourse have invested in the past two years, according to the latest figures. The statistics seem to indicate a flight to the SICAVs from both property and the savings banks, where interest rates, though mainly untaxed, stand at only 7 per cent.

A second element in the reanimation of the Bourse has been provided by the increase in industrial profits over the past two years. Higher profits mean better dividends and therefore more interest among investors; better dividends also mean more money to invest particularly from shareholders who want to avoid capital gains taxes. It is reckoned that French companies will this year distribute dividends of about FFr 10bn, an increase of 15 per cent on last year.

The development of the Bourse, however, has now reached a critical stage. By world standards it is still a small organisation, with a market capitalisation at the end of last year of FFr 222bn, against the UK equivalent of FFr 646bn and New York's 3,910bn. To maintain present interest and thus keep new money coming in it needs to attract more fresh companies to the market. On this score the Monory reforms have not yet shown much success. Last year seven new companies came to the market — four more than in 1978, it is true, but not many compared with some other world stock markets.

These questions lie behind the recently published Perouse Report, which has set out a detailed plan for modernising the Bourse's structure and providing the mechanism for a greatly expanded trading system. The report, commissioned by the Government more than a year ago, has been accepted by M. Monory as a platform for reform. He is aiming to introduce the changes steadily over the next three to four years, though many of them will depend not on legislation but the agreement of the parties involved on the Bourse to abandon their long-established customs and privileges for a more flexible system.

Underlying the Perouse proposals is the idea that the Bourse needs to expand its present volume of trading if it is to play the central role in the economy which the Government would like to see. This means that it has to be brought closer to the public—"popularised and demystified" as M. Monory put it—and move towards the more flexible trading systems used on foreign (particularly Anglo-Saxon) stock exchanges.

The Perouse Commission has set out two main programmes for achieving this change. First, it is advocating the wide-ranging use of modern information systems to open up dealing on the Bourse to more people. Hours would be extended from the present three hour limits (11.30 to 12.30 for bonds; 12.30 to 2.30 for equities) to six (10.00 am to 4.00 pm), and a number of centres outside the Bourse itself linked up by television to dealings on the floor. Members of the public with an interest in the Bourse would be able to wander into their bank, see what was happening on the share market and put through orders.

Extendable

Such a system would in theory be extendable to the whole country and overseas as well, the technology is more or less available. The effect, Perouse argues, would be to provide the conditions for what the Commission calls a "continuous market"—a method of trading analagous to that practised in New York or London, where investors can inform themselves of price movements throughout the day and buy or sell accordingly. This differs fundamentally from the present organisation in Paris, where prices are fixed generally only once a day according to an average of the orders passed.

The Perouse Commission has also strongly recommended the "dematerialisation" of share certificates. It believes that the paper — and paperwork — involved in current share transactions creates an enormous administrative blockage which could be removed by allowing banks to run computerised trading accounts for their clients rather like a normal bank account. No certificates would change hands, and the banks would be able to do away with a lot of paper handling—tearing off coupons for paying dividends, for example—which is extremely costly at present.

It is estimated that the banks lose between FFr 1bn and FFr 2bn a year running their share departments. There is therefore a considerable incentive to change—something the banks would almost certainly grasp as they have done in running SICAVs, where they can spread their administrative costs. This development, however, will not be easy, given the celebrated French taste for tangible and anonymous stores of value, such as gold or, in this case, bearer certificates.

Perouse adds that these two main reforms, leaning heavily on the application of electronics to information treatment, should be accompanied by a reform of the Bourse tariffs. The organisations that gather in orders—banks and stockbrokers—should, the Commission says, be given more incentive to deal in larger parcels of shares. At the same time it suggests that the central Government taxes on share deals should be abolished.

There is already a large degree of agreement on the Bourse on the usefulness of the Perouse proposals. No one doubts that the mechanics of the changes he has suggested are feasible. But there will clearly be difficulties in altering the habits and methods of the Bourse operators.

At the centre of these objections is the question of how the continuous market can be organised without a system of real trading on the floor. Paris has no jobbing organisation, no agents on the floor willing to balance buying and selling orders and thus make a price. Prices are "fixed" at a set point each day by stockbrokers calculating an average from the list of orders received. But this would not provide a continuous real-time system for genuine trading throughout the day.

These and other problems have been landed squarely on the desks of the stockbrokers and bankers directly concerned with Bourse affairs. M. Monory has told them that there is a limit to what legislation can do to help. But it is equally clear that as long as he is Economics Minister there will be plenty of pressure for reform coming from his office. If he succeeds in this programme France will end up with a less polarised financial system, in which the banks will play a reduced role, particularly in the financing of industry.

Leading consortia revise targets

Arab Banks in Paris

DAVID WHITE

ARAB BANKING in Paris appears now to be in a chrysalis stage of development. At a time when the West's bankers are waking up to the implications of an increasingly sophisticated Arab banking system, with an increasing degree of penetration in their own back gardens, managers of the joint Arab-Western consortium banks are having to think hard about what role is going to be left to them.

Paris, which as a financial centre has been well-placed for the organisation of bank syndicates dealing with the Middle East and Africa, has become a main base for this kind of institution over the past 10 years.

Three consortium banks in particular have dominated the scene—Union des Banques Arabes et Francaises (UBAF), Banque Arabe et Internationale d'Investissement (BAII) and Frab-Bank. All launched with the combined backing of Western banks and Arab interests — the latter to a large extent governmental — they all made their names in the business of managing and underwriting international loans.

UBAF, with the biggest capital base, an impressive list of banking names behind it, a network of affiliates in other banking centres and a very dynamic approach, has cornered the largest share of this business. The first organisation of its kind with so much powerful state backing, it rapidly received large inflows of funds following its founding in 1970. With assets of over $6bn—some $13bn for the international group lumped together—it towers above its rivals.

While UBAF still concentrates to a large extent on its international loan activity, strong competition, narrow margins and low commissions have led the other two big consortium banks to cut back and look instead for new roles in specialised banking services.

It was largely because of a rapidly expanding line in financing exports of Middle East oil that helped BAII to double its profits last year to over FFr 16m. Commodity trade financed by the bank—Oil, food and fertilisers—almost tripled to $4.5bn. The arrival of new clients for commodity services and the bank's active role in developing an Arab currency market were cited as prime factors behind a 31 per cent rise in the volume of deposits—most of the money coming from the Middle East. The bank, "deliberately limiting" its growth in long- and medium-term Eurocredits, has instead branched out in the secondary market, in portfolio management and in investment services.

In the last couple of years it has fixed one of France's largest ever property deals on behalf of Kuwaiti clients—the sale of the Rhone-Poulenc chemical group's central Paris headquarters—and acted as trustee in the purchase by Saudi interests of a 10 per cent stake in Italy's Montedison group.

Holdings

The bank, which opened in 1974, has holdings in Britain's Hill Samuel—and a joint venture with it in Bahrain—and in Dean Witter Reynolds of the U.S. It has itself been looking in many ways more like a merchant bank.

At Frab-Bank, which was the first of the three to start in business back in 1969 and which is rather different in that its Arab shareholders are mostly private interests, the change in direction is even more clear-cut. M. Yves Bernard, who came from Societe Generale, the State-controlled French bank, to take over as chairman, has spent the last two years holding down the volume of activity while the bank worked out a new strategy. It had already come to the conclusion that it could not compete in the Eurocredit business with the big multinational banks.

M. Bernard also believes that the consortium banks have become financially vulnerable in the current economic climate, and could be severely hit in the event of another Herstatt-style bank collapse. Frab-Bank has cut its dependence on the interbank market—judged excessive—from around 85 per cent two years ago to 65 per cent and reorganised its financial as well as its managerial structure. M. Bernard has made sure that all commitments of two years or more are henceforth covered by resources of equal duration.

All the consortium banks have built up their activity in export credits, which are backed by the Government's Coface guarantee board. Frab-Bank's business in this sector has tripled in the last two years and export credits now make up about 45 per cent of its lending to clients.

Commodity

Like BAII, Frab-Bank has gone into commodity finance, though not so much in oil as in items like cereals and cement. It has developed a big foreign exchange department and built up a highly profitable offshore banking arm in Bahrain.

It is starting up a merchant banking side, which at the outset will deal mainly in consultancy.

M. Bernard says that after a "less than brilliant" first few years the new-look Frab-Bank is achieving its targets for return on assets this year after a 30 per cent rise in group profits in 1979.

Other consortium banks have followed the Big Three, including the Saudi Arabian-controlled Al Saudi Bank set up in 1976 and the Franco-Algerian Union Mediterraneenne de Banques; more joint ventures are being planned.

But at the same time Arab bankers have been playing a more active role on their own account through offices and branches in Paris. The city now has a couple of dozen Arab banks on its streets—a number swollen by the arrival of Lebanese banks seeking refuge from the unrest in Beirut.

Among the newcomers of the last two years is the Amman-based Arab Bank, the oldest and biggest private commercial bank in the Arab world, which was also one of the main organisations behind the foundation of UBAF 10 years ago. Its chairman, Mr. Abdul Majeed Shoman, son of the bank's near-legendary founder Abdul Hameed Shoman, says that the bank continues to cater mainly for Arabs, but has also begun to provide services to French companies, including at least one in the public sector.

The bank's activity in Paris does not, he says, conflict with UBAF, with the consortium bank continuing to be mainly geared to the Euroloan sector and the Arab bank branch to commercial services. In financial services, London still plays the dominant role, but Paris has taken on increasing significance through the tremendous rise in French-Middle East trade and France's recent commercial breakthroughs in countries such as Iraq.

Meanwhile French banks are putting more muscle into what was until recently a relatively sparse representation in the Middle East region. For instance, the three big State-sector commercial banks, which are key shareholders in the consortium banks—BNP in BAII, Credit Lyonnais in UBAF and Societe Generale in Frab-Bank—have all built up their own networks. The value of the consortium banks in providing contacts is therefore somewhat reduced.

The original raison d'etre of the joint-venture banks is rapidly disappearing.

"We've completed the first part of our role," says M. Bernard at Frab-Bank. After a transitional opening stage the consortium banks are having to adapt. In the last 10 years their main use has been to help their European and Western partners to obtain a foothold in the Arab world and to garner Arab deposits. From now on, M. Bernard says, the banks will have to gear themselves more to serving their Arab partners and assisting the process of Arab investment in Europe.

While they can look to a clientele of Arab customers based abroad, the banks will have trouble keeping their share of local markets as banking develops in the Arab world. At the same time the consortium banks will face increasing competition in trade services. Their leeway for growth in the French domestic market is very small, because of the strait-jacket of credit growth ceilings which came in right at the beginning of their development. A recent extension of the curbs to effect some export credit business has added a further constraint.

But the banks can find consolation in the ever-increasing store of petrodollars that, they are convinced, will begin to arrive in larger quantities. Various factors have so far inhibited direct Arab investment in France. Until the 1978 general election there was the prospect of a possible Left-wing victory and sweeping nationalisation. There has been the country's array of exchange controls — contrasting now with the position in the UK. There has been a lack of familiarity, France's traditional links in the Arab world having been mostly with non-surplus countries.

According to Arab Bank's Mr. Shoman, the main investment activity to date has been in property, with intensive buying by private interests in Paris and the South of France. Buying into companies has been very limited. The same applies to the money market and securities. Mr. Shoman explains this by the relative paucity of investment instruments in France compared with the diversified range available in the U.S. or Britain.

But bankers in Paris expect Arab investment in both shares and property in France to increase as the outlets for the use of funds within the Arab countries themselves are reduced and as the Arab banking system gets more ambitious.

BANKING IN FRANCE V

Commanding presence for over a century

French Banks In London

WILLIAM HALL

IN LONDON'S foreign banking community the French banks occupy a rather privileged position. They were the first foreign banks to set up in London and some of them have been operating in the City in one form or another, for over a century.

At the last count there were 20 French banks in the City employing some 1,400 staff. Although the vast majority of them do not publish balance sheet figures, because they are branches, in terms of numbers employed Banque Nationale de Paris is the biggest, followed by Société Generale and Crédit Lyonnais.

All three banks are State-owned and have been represented in London for over one hundred years. They account for around two-thirds of the staff employed by French banks in the City.

Banque Nationale de Paris as well as being the largest French bank in London, also lays claims to the oldest London ancestry. In 1867, the Comptoir Nationale d'Escompte established a London branch. In 1966 the Comptoir merged with Banque Nationale pour le Commerce et l'Industrie to form Banque Nationale de Paris.

The Comptoir, as it was known, was the first of a long line of French banks that came to the City. Three years after it had opened its London branch, the Crédit Lyonnais opened and the latter was quickly followed by Société Generale.

Twenty-four years later Crédit Industriel et Commercial arrived. After another gap, of about 25 years, and in the early 1920s two more French banks opened London operations: Banque de l'Indochine et de Suez and Crédit Commercial de France.

There was another gap of several decades which was interrupted by the arrival of Banque de Paris et des Pays Bas in the early 1960s. However, it has been the last decade which has seen the biggest influx of French banks. Altogether 12 French banks opened during the 1970s and virtually every major French bank is now represented in London. The only exception is Crédit Agricole.

The latest arrival is Banque Française du Commerce Exterieur. It opened its London branch a month ago and expects roughly to double its current staff level to around 30 by next year. Traditionally, the bank, which numbers the Banque de France amongst its shareholders, did not have overseas branches. But over the last three years it has been expanding internationally at a rapid pace.

Relied

Banque Française du Commerce Exterieur opened a New York operation in 1976 which now has a staff of 60 and will soon be opening in Milan. It left its entry into the London market until later because it relied to some extent on its stake in the London consortium bank, United International Bank. However, following UIB's takeover by Privatbanken of Denmark, Banque Française du Commerce Exterieur was left without any representation and so decided to open a London branch.

M. Jean Francis Charrey, general manager (UK), says that his bank will operate in the Eurocurrency markets as well as provide the normal commercial banking services offered by other French banks in the City. One area he intends to concentrate on, is commodity financing—a traditional activity of Banque Francaise.

The business of the French banks has altered considerably since the Comptoir first opened its doors in London, 113 years ago. In those days, the French banks were heavily involved in financing the cotton trade and had branches in places like Manchester and Liverpool.

These days the French banks have diversified into the broad range of banking activities and in many respects their services are indistinguishable from the services of the other 328 foreign banks represented directly in the City.

However, because they have been around longer than most of the foreign banks, the larger French banks tend to have more local business than many of the newer foreign arrivals and do not have to rely on the "wafer-thin" margins in the Eurocurrency market to their overheads.

In particular, the big French banks have led the move by the foreign banks into the provinces. Societe Generale, for example, has branches in Birmingham, Bristol, Leeds and Manchester and has recently opened in Edinburgh. Credit Lyonnais has also developed a provincial branch network. Until recently Banque National de Paris relied on representative offices in the provinces but it has just opened a full branch in Manchester and others could follow.

Aside from building up their provincial branch networks the French banks in London have also been diversifying cautiously into areas such as leasing and commodity financing. Société Generale has its own wholly owned merchant bank in London. Société Generale Bank Ltd. and this has been developing its business with British institutions in much the same way as any UK merchant bank.

When the shares of the French company, Bongrin, were introduced on the Paris Bourse recently, Société Generale (France) Bank Ltd was instrumental in placing a significant proportion of the shares with UK institutions. The bank also specialises in lending long-term fixed-rate Franc placings with UK companies in need of French financing, and has carved out a niche for itself as a dealer in gold-linked French bonds.

Société Generale has also cut new ground among the French banks in London by linking up with Strauss Turnbull, the London stockbrokers, to establish a joint secondary market Eurobond dealing operation—Société Generale Strauss Turnbull Ltd. Société Generale is a major force in the primary bond market and Strauss Turnbull is an important operator in the secondary market.

Among the senior members of the French banking community in London, the most significant change during the year has been the apointment of a new chairman and managing director of Banque Nationale de Paris Ltd. Lord Hunt, former Secretary of the Cabinet, took over the chairmanship of the bank from Sir Patrick Reilly on April 1.

Meanwhile, M. Gilbert Geas—the doyen of the French banking community—has left to take over the chairmanship of BNP's new Californian subsidiary, Bank of the West. He has been replaced by M. Michel Berger as managing director. The latter has worked with the bank in London since 1947.

Long tradition challenged

Inter-company credit

VIVIAN LEWIS

"WHEN I joined this company in 1974 I was amazed to discover that in terms of the volume of loans outstanding we were the ninth largest bank in France. I expect that we are still the ninth largest bank in France today." Curiously, the speaker was financial director of an institution not normally thought of as a bank—the French chemical company Rhone-Poulenc. And what M. Pierre Falcon was talking about was the vexed problem of inter-company credit in France.

In contrast to most industrial countries, France lacks a developed system of bank credit to buyer companies. So for French manufacturers to sell the material they produce, they must themselves carry their corporate customers over periods so long that would result in credit being cut off in most other countries.

For example, in many parts of the distribution system in France 90 days credit is considered normal—and with the end of the month to help matters along it is frequently 115 days before the supplier is paid. The owner of a chain of vehicle parts stores admits that its spectacular recent growth was financed largely by its suppliers. France's ultra-mammoth-hyper food distribution system—it is the world leader in "hyper-markets" per capita—was built on the back of the low-margin food processing industry, whose output had probably been sold at the shop well before it had been paid for by the distributor.

This peculiarity of French business life has not been accepted by everyone. With Rhone-Poulenc squeezed for profits by its hefty debt, M. Falcon took the lead in imposing on the group's salesmen a team of credit managers ordering a normal term for payment of goods of 30-45 days and meeting stubborn resistance every inch of the way.

In distinction from the norm in the distribution sector, one cut-price appliance retailer—Darty, which is one of the fastest growing—surprised the trade by offering to pay cash on the nail. In return it asked for, and usually got, a 3 per cent discount, which it was able to pass on to bargain-hunting appliance shoppers.

A potentially more significant move against the suppliers' credit practice came by the passage of the Law of May 12, 1980, which gives creditors the right of recourse for payment of their goods in the event of the company to which they sold them going bankrupt. Lawyer Hervé Laigo, of the Société Juridique et Fiscale de France, points out that the initial effect of the law may be perverse. "Knowing that they have legal recourse in the event of a *craque* may lead suppliers to become more patient." But in the event that the correct legislative and court rulings occur in interpreting the new law, he feels that it will amount to a revolution in French business and banking life.

To some extent, it will be up to the banks to replace suppliers in funding inter-company trade. M. Pierre Galvy, a specialist in the matter at Crédit Commercial de France, told a seminar on the subject (held by the law publishing house Nouvelles Editions Fiduciaires) that talk of revolution was premature. "The banks simply cannot take the place of a system that produces FFr 550bn in credit each year. Credit to buyers will be limited by the system of ceilings on the volume of new bank lending." (The *encadrement de crédit*, pegged to increase by only 10 per cent in 1981.) "Besides," he adds, "even in Germany which is normally taken as a model for France 50 per cent of credit is provided between enterprises."

But others point out that roughly half of industrial bills between German companies are settled in under 15 days. Banks are being called upon—by industry, and by a Bill before Parliament, the Loi Dailly—to develop a system of discounting trade bills. It is not clear whether this system would have the effect of reducing the lengthy terms of payment in France, and in fact, thanks to the usual legal ambiguities, this time about the right of recourse a bank assigned a discounted bill might have if the buyer went bankrupt; it is far from clear if the bank could be assigned the sellers' rights. An enormous amount of defining remains to be done, and the National Assembly every few days is in site of yet another Parliamentary question on the subject of the May law, most recently on October 6.

Inadequate

The rediscounting facilities of the Bank of France are judged to be inadequate for the purpose of allowing banks to discount commercial credits in greater quantities; costs are high and most settlements are based on a 90-day norm. Given the legal ambiguities and the effect of ceilings, banks are not rushing into this new business, and the volume of short-term bank credit (excluding hire purchase) has remained stagnant at FFr 350bn per annum in the last decade, failing woefully to keep up with inflation.

Under the aegis of the Plan, the so-called Mordacq Committee (of which Rhone-Poulenc's M. Falcon is a prominent member) produced a report calling for reform of inter-company credit. The first step advocated was reform of the bankruptcy law to give right of recourse to unpaid creditors owed for goods and services.

It called also for efforts by bank regulatory bodies, industrial sectors and banks so as both to create alternative sources of short-term money and shorten the acceptable delay in payment. It is not clear whether the Government is prepared to take the political risk that this programme would require. Easing up on credit restrictions would risk fuelling inflation, and adding to the costs of credit—above all at the retail end—would hit the average family's shopping basket hard. The officials of the Plan pointed out one alternative avenue for Government action which is in reach. The Government itself, a notoriously slow payer, was told to speed up payment of its own bills.

LOMBARD

Time to talk down sterling

BY ANATOLE KALETSKY

IS THE Government happy to see the pound at $2.40 or even higher? It is time for Mrs. Thatcher to stop evading the most important economic issue facing her administration. She should state forthrightly whether she believes that her "economic strategy" can generate an economic recovery with sterling at this level or whether she expects sooner or later, to see a sharp decline in the exchange rate.

More rational

The fact that she does not believe that government can control the exchange rate is irrelevant. If she wants to inject more rationality into the actions of wage bargainers and industrial investors she should be willing to do more than just assert that she will stick to her policies come hell or high water. She must also show that she knows where these policies are leading. In particular, Ministers should state whether, in principle, they accept the contention of almost all industrialists and of the majority of economic commentators that the present exchange rate is much too high.

The public utterances of Ministers suggest that, at the moment, they regard the benefits of a high exchange rate as outweighing the disadvantages. Even the Chancellor's recent Mansion House speech, in which he stated that "some of the factors underlying the strength of sterling are likely to be temporary," put more stress on the benefits of a positive impact of a strong exchange rate—for living standards, for inflation and for industrial "realism."

Of course, the Chancellor said in the same breath that he does not, in any case, "have the option of managing the exchange rate at some desirable level" without abandoning monetary policy. In principle this is at best a half-truth, as can be seen from the experience of the eight nations in the European Monetary System which have managed their exchange rates quite successfully. Sterling could be weakened by intervention, if necessary financed by Government North Sea revenues, higher borrowing, or, *in extremis*, even tax increases.

For speculators who are now piling into sterling at a level which a few months ago they would have regarded as ridiculously high, a less equivocal commitment to a lower exchange rate from the Government would be a salutary warning which in itself could drive the exchange rate downwards. Instead, there are now people in the City talking about the possibility that sterling at $2.50, or even at $2.80 may be not just consistent with, but actually necessary for, the success of the "economic strategy."

Such an idea may seem far-fetched, but a few months ago it would have been utterly unthinkable. What has changed in the meantime is that the Government has begun to reap the political benefits of a strong exchange rate — the economic contraction and rising unemployment caused by over-valued sterling are apparently offset in the Government's calculations by low inflation, quiescent unions and the relatively high level of consumption enjoyed by those who are not jobless. Indeed it could be argued that all the economic achievements of the Thatcher administration to date have been derived directly from the strength of sterling. Under these circumstances would the Government be prepared to take the risk of letting the exchange rate fall to the sort of level that could be justified by international cost comparisons?

At the moment the answer is quite possibly "no," despite the Government's protestations of total neutrality on the exchange rate question. The reason is the belief that maximum pressure on employers and unions has to be maintained in the early stages of the pay round.

Addictive

However, the great danger of the Government's waiting game is that, as sterling rises to ever dizzier heights and as the date of the next General Election approaches slowly but inexorably, there will be mounting political risks in pursuing policies designed to bring sterling back down to a tolerable level. Mrs. Thatcher must realise that it is low because of the high level of sterling that Britain "is living beyond its means." The combination of excessive consumption and high unemployment created by an over-valued currency can be just as addictive, and more harmful than inflation.

Grounding a museum

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AROUND BRITAIN

STRATHALLAN

AS YOU drive along a narrow, twisting country lane between Auchterarder and Crieff in Perthshire, passing picturesque cottages and farm buildings, you are likely to catch glimpses of an incongruous sight through gaps in the hedgerow.

It looks like an airliner parked in a green field and, if you are curious enough to stop and peep through the hedge, you find that it is indeed an aircraft, although of a distinctly vintage character. The aircraft is that pioneer of jet passenger transport, the De Havilland Comet.

The field belongs to the Strathallan Air Museum and the Comet is just one of an extensive private collection of wartime and pre- and post-war aircraft which draw around 70,000 visitors a year. On Sunday the museum will close as usual at the end of the summer and autumn season. The difference this year is that it may never re-open.

The museum is owned by Sir William Roberts, a landowner, farmer and businessman with interests in Scotland and Kent, who has built it up over 10 years but now feels that other demands on his time and money are forcing him to dispose of the collection. While he has not definitely made up his mind how this will be done, the likelihood is that most of the aircraft will be sold.

The prospect has caused an outcry among aero enthusiasts, particularly the 200 members of the Strathallan Aircraft Society who give up their weekends to help with the exhibits. They have organised a petition calling on Sir William to change his mind and it has already attracted 20,000 signatures.

Local politicians, who value the contribution the museum has made to the economy of a rural area which could not otherwise expect much in the way of tourist revenue, are also concerned. Mr. Nicholas Fairbairn, MP for Kinross and West Perthshire, is leading the campaign to find ways of keeping the collection intact.

The collection started when Sir William, a qualified private pilot, saw a Hawker Hurricane advertised for sale and decided to buy it. It turned out that the seller wanted to dispose of not one wartime fighter but three. The deal as finally concluded was for the Hurricane, two Spitfires and a heap of spares —an instant aircraft collection.

The three aircraft, then kept at Shoreham, needed repairs and maintenance work, so Sir William in turn needed an engineer. He found one shortly afterwards when Dick Richardson, a chief engineer with the RAF, heard about the aircraft and got in touch.

Mr. Richardson's interest in veteran aircraft had been whetted by working on a Lancaster bomber during his RAF days. In his time with the collection he has moved from being an engineer to museum manager and has travelled extensively in the U.S. and Canada, often to remote areas, to inspect aircraft offered for sale.

In 1972, it was decided to move the collection from Shoreham to Strathallan, where a 100-acre site offered ample room for an airstrip as well as workshops and display space. One of the Spitfires had been sold, but Sir William had bought two U.S.-built Harvards, used during the war as Spitfire trainers.

Once it had made the move, the collection expanded rapidly and between 1972 and 1975 no less than 40 aircraft were acquired.

Some famous models were added. Besides the Spitfire and the Hurricane, the acquisitions included a Mosquito, the wooden-framed, two-engine fighter/bomber, a Lancaster, perhaps the most famous of the RAF's wartime bombers, and a Lysander—the versatile short take-off and landing aircraft used extensively to drop agents and supplies into occupied Europe.

Each aircraft was painstakingly restored to flying condition. It has always been part of Sir William's philosophy that Strathallan should be a living collection rather than a dead museum. One of the few exceptions is the Comet, whose fatigue life had expired when it was bought from the RAF.

The flying philosophy has, however, proved expensive. As a static museum Strathallan could probably have been made profitable, but only at the expense of its appeal—in particular the annual two-day air show when many of the vintage aircraft are put through their paces. As it is, the painstaking restoration work (the Lysander took 10,000 man-hours) by the team of four engineers costs a great deal of money. Aircraft must not only look right; to be airworthy often means replacing most of the structure.

There are other expenses. The impressive new hangar, built in 1977 to house most of the collection, attracts a high rateable value and last year the museum paid £12,000 in rates to the local authority. As a private collection rather than a registered charity, as are many similar museums, it is not eligible for rating relief.

The future of the collection is uncertain. Sir William wants to retain some of his favourite aircraft and will keep on the four engineers to finish the latest project, the restoration of a Fairey Swordfish bi-plane.

The rest of the aircraft will probably be sold at auction in the spring.

Mr. Richardson, the only redundancy on the museum staff, is sad to be leaving, but looks back on his nine years with the collection with happy memories. The experience he has gained will stand him in good stead in his new job as manager of the Canadian Warplane Heritage at Hamilton, Ontario.

Attempts to save Strathallan go on, with talk of raising money to buy the collection and endow a charitable trust. But Sunday's closure is an ominous warning that time may be running out.

Glyn Genin

Sir William Roberts (centre), at Strathallan Airfield with two of the senior airline pilots, who, together with noted test pilots, flew the museum's aircraft on display days

Juveniles go for hat tricks

RACING

BY DOMINIC WIGAN

THERE ARE likely to be few at Newmarket today prepared to risk a substantial bet on the outcome to the Zetland Stakes.

The 1¼-mile event could hardly look trickier. Jeremy Hindley saddles the still improving Baas while fellow Newmarket handler, Michael Stoute, brings out Allegretta again and Gavin Hunter relies on Sunley Builds. All three juveniles are bidding for hat tricks.

Although Allegretta confirmed the promise shown on her debut when defeating More Stones by three lengths over a mile an done furlong at Wolverhampton. I prefer to rely on the proven class of Baas and Sunley Builds.

The Hindley colt probably put up his best performance to a comfortable beating to Joint Command in Yarmouth's Albert Bottom Memorial Nursery. Sunley Builds ran his best race to date there on Champion Stakes afternoon, beating Bedford in the Houghton. There may be little in it but I am content to rely on Baas.

While flat racing enthusiasts are making their way to headquarters a good-sized crowd should be converging on Sandown. The most interesting aspect of the afternoon there will be the reappearance of the brilliant but injury prone Rathconrath.

Many are aware that Fred Winter has always held the seven-year-old in high esteem, but few realise that he considers Rathconrath to be possibly the most talented hurdler he has had in his care. Early last season, Winter felt that, given a return to peak fitness, Rathconrath would take the world of beating in the champion hurdle.

Sadly, the handsome Wolver Hollow gelding suffered a training setback following an encouraging run behind Celtic Ryde at Cheltenham in December, and had to forego a tilt at the championship prize.

However, Rathconrath is now considered to be back better than ever.

A year ago the event went to his considerably less talented stable companion, Rodman.

NEWMARKET

1.15—Port Aransas**
1.45—Fleurs*
2.15—Hindi
2.45—Baas
3.15—Mistress Medina
3.45—Composer***

SANDOWN

1.00—Russhill
1.30—Mister Parsley
2.00—Loving Words
2.30—Rathconrath
3.00—Norfolk Arrow
3.30—Washington Heights

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm Midday News. 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.02 For Schols, Colleges. 3.25 Pry-dain Fechan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Heyyy, It's The King. 4.55 Crackerjack. 5.35 The Amazing Adventures of Morph.

5.40 Evening News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It Ain't Half Hot Mum.
7.30 The Dawson Watch.
8.00 To Serve Them All My Days, by R. F. Delderfield.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 On the Town (London and South East only).
10.45 News Headlines.
10.50 A Touch Of Glory—film on Welsh rugby football.
11.45 Grand Slam by Gwenlyn Parry.

All regional programmes as BBC-1 except as follows:

BBC Cymru/Wales—1.45-2.00 pm Sioncyn Sboncyn. 2.02-2.22 Ysgolion. Hwnt Ac Yma. 4.40 5.05 Screen Test. 5.05-5.35 Telifant: Chwilio am Aur. 5.55-6.20 Wales Today. 7.00-7.25 Heddiw. 7.25-7.55 Prydain Fechan. 7.55 8.20 Angels. 8.20-8.50 The Dawson Watch. 10.15-11.15 A Touch of Glory: 100 years of Welsh rugby. 11.15-11.16 News for Wales. 11.16-12.16 am Grand Slam.

Scotland — 11.00-12.20 am For Schools: Let's See. 12.40-12.45 pm. Scottish News. 5.55-6.20 Reporting Scotland. 10.15-10.45 Kings of their Fingers. 10.45-10.50 News for Scotland.

Northern Ireland — 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15-10.45 The Last Rose of Summer. Thomas Moore (1779-1852). 10.45-10.50 News for Northern Ireland. 12.50 am News for Northern Ireland.

England—5.55-6.20 Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend. Midlands (Birmingham)—Just an Ordinary Ride. North (Leeds)—Our Northern Economy. North-East (Newcastle) — Coast to Coast: Youth on the Dole. North-West (Manchester) — Cousin Phillis by Mrs. Gaskell. South (Southampton) — The Flying Boats. South-West (Plymouth)—When Cornishman Was King. West (Bristol)—RPM Rock, with John Peel.

BBC 2

11.00 am Play School.
5.40 Harold Lloyd†.
6.05 Monkey (new series).
6.30 Speak for Yourself.
7.15 Mid-Evening News.
7.25 Lies: a play by Willy Russell.
7.55 In the Country with Angela Rippon.
8.25 Newsweek: The American Presidency.
9.00 Steptoe and Son.
9.30 "Caught On A Train," by Stephen Poliakoff.
10.50 Newsnight.
11.30 International Tennis: Wightman Cup.
12.00 Friday Night ... Saturday Morning, with Jane Walmesley.

LONDON

9.30 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 The English Garden. 1.00 News at One. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 After Noon Plus. 2.45 Friday Matinee: "Shell Game." 4.15 Come Back Lucy. 4.45 Animals in Action. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 Fancy Wanders.
8.00 Vegas.
9.00 The Gentle Touch.
10.00 News at Ten.
10.30 Benson.
11.00 The London Programme.
11.35 Side Street.
12.30 am Personal choice with Donald Swann.

All IBA regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Film: "Barnacle Bill" with Alec Guinness. 3.45 Cartoon Time. 6.00 About Anglia. 8.00 Incredible Hulk. 10.00 Anglia Late News. 10.30 Seven Days. 11.00 Soap. 11.30 Film: "The Money Jungle." 1.15 am At the End of the Day.

ATV

1.20 ATV News. 2.45 Movie Matinee: "Pearl of the South Pacific" with Virginia Mayo. 5.15 Diff'rent Strokes. 6.00 ATV Today. 8.00 Charlie's Angels. 10.30 Soap. 11.00 ATV News. 11.05 Charles Bronson Movie: "Villa Rides."

BORDER

1.20 pm Border News. 2.45 Friday Matinee: "Genevieve." 5.15 Diff'rent Strokes. 6.00 Lookaround Friday. 6.30 Superstar Profile: Dudley Moore. 8.00 A Man Called Sloane. 10.30 Farm School. 11.00 Late Film: "Savages." 12.15 am Border News Summary.

CHANNEL

1.20 Channel Lunchtime News, What's on Where. 2.45 Friday Matinee: "The Betrayal." 6.00 Channel Report. 6.30 What's on Where. 6.35 Ladies First. 8.00 A Man Called Sloane. 10.28 Channel Late News. 10.30 Vision USA. 10.40 Village Action. 11.10 Premiere Movie: "Deliver Us from Evil." 12.30 am News in French.

GRAMPIAN

1.20 North News. 2.45 Friday Matinee: "Devil on Horseback." 6.00 North Tonight. 8.00 The Incredible Hulk. 10.30 Reflections. 10.35 Film: "Play Misty for Me" with Clint Eastwood. 12.25 North Headlines.

GRANADA

1.20 Granada Reports. 2.00 Live from Two. 2.30 Friday Matinee: "A Message to my Daughter." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 8.00 The Incredible Hulk. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Continental: "The Widow Couderc" with Alain Delon.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 Friday Matinee: "Master of Ballantrae" with Errol Flynn. 5.15 Mork and Mindy. 6.00 Report West. 6.30 WKRP in Cincinnati. 8.00 Tenspeed and Brownshoe. 10.28 HTV News. 10.30 Report Extra. 11.05 Benson. 11.35 Kate Loves a Mystery: "It Goes with the Territory."

HTV Cymru/Wales—As HTV West except: 3.35 am Am Gymru. 12.00 Flaibalam. 4.15 pm Y Trefan Yn Yr Yd. 4.45 Clapperboard. 5.15 The Muppet Show. 6.00 Y Dydd. 6.15 Report Wales. 10.35 Outlook.

SCOTTISH

1.20 pm News. 2.45 Friday Matinee: "Sitting Pretty." 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 8.00 The Incredible Hulk. 10.00 Scottish News Headlines. 10.30 Ways and Means. 11.00 Late Call. 11.05 Night for the Screamish: "The Dunwich Horror."

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 War Between the Tates. 5.15 Mr. and Mrs. 6.00 Day by Day. Scene South East (South East area only). 6.30 Out of Town. 7.30 The Incredible Hulk. 8.30 Fancy Wanders. 10.00 Southern News Extra. 10.35 Isle of Wight Artisans. 11.05 Benson. 11.35 Continental Showcase: "Hasta Fuego, Por Favor!" 12.25 am Music Speaks Louder than Words.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 12.45 Friday Matinee: "Nurse on Wheels." 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 8.00 The Streets of San Francisco. 10.30 North East News. 10.32 Friday Live: The English Pub. 12.00 Bravery in the Field. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Pearl of the South Pacific." 4.13 Ulster News. 5.15 Happy Days. 6.00 Good Evening Ulster. 8.00 Twentyone Today—Ulster TV anniversary gala. 10.30 Witness. 10.35 The Castle Touch. 11.35 The Incredible Hulk. 12.30 am Bedtime.

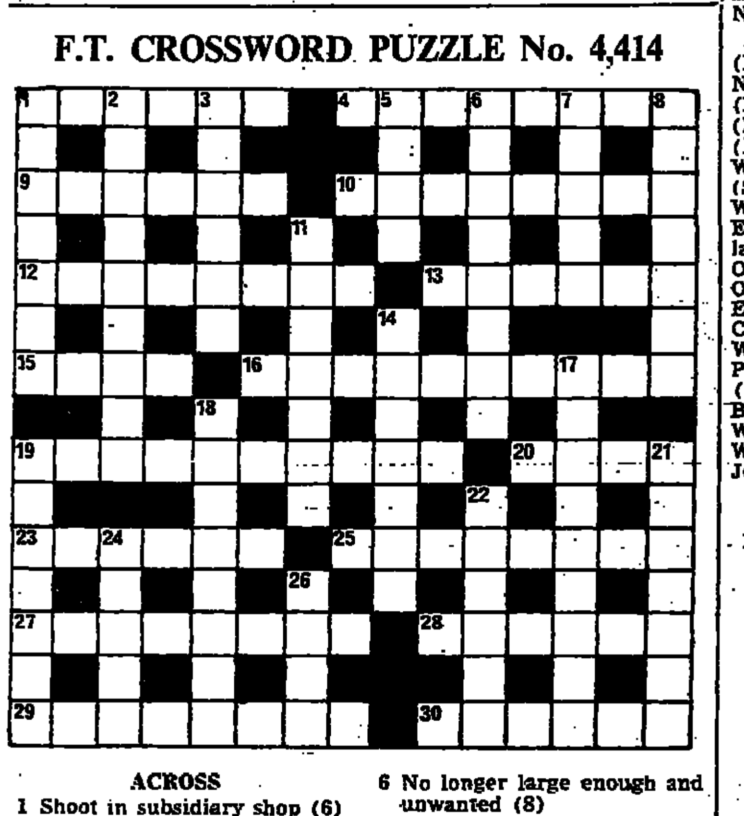
WESTWARD

1.20 pm Westward News Headlines. 2.45 Friday Matinee: "The Betrayal." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 A Man Called Sloane. 10.32 News. 10.35 Faith for Life. Phone-in. 10.40 Village Action. 11.10 Premiere Movie: "Deliver Us from Evil." 12.30 am Faith for Life. Postscript. 12.35 Weather and Shipping.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Matinee: "Nurse on Wheels." 5.15 Against the Wind. 6.00 Calendar Emley Moor and Belmont editions. 6.30 Sport. 8.00 The Incredible Hulk. 10.30 Soap. 11.00 Film: "The Girl Who Knew Too Much."

F.T. CROSSWORD PUZZLE No. 4,414



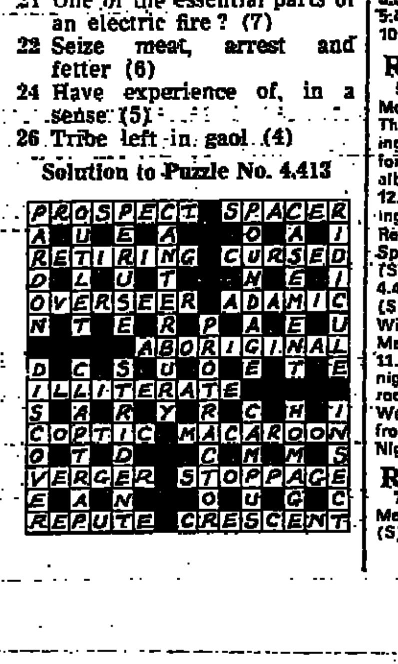
ACROSS

1 Shoot in subsidiary shop (6)
4 Illuminated overflow literally (8)
9 Oblige company member to join the Spanish (6)
10 Stretch a grammatical structure (8)
12 Railway employees and officials at Wembley (8)
13 Trite statement I strum incorrectly (6)
15 Entrance a crowd (4)
16 Food for ready money? Two quarters? Crazy! (6-4)
19 Come to a point to simplify (6, 4)
20 Vain image it's said (4)
23 Stagger a junk collector (6)
25 Belonging to a race, naturally (2, 6)
27 Cultivate in vile prison (8)
28 Delight in physical exercises around meadows (6)
29 Technical soldiers returning with chap and suddenly appearing (8)
30 Believe in good character and distinction (6)

DOWN

1 Reserve is to reverse record (7)
2 One who warns of notice on lizard (9)
3 Mark made by folding dagger (6)
5 Plant coming up under ship? (4)
6 No longer large enough and unwanted (8)
7 Breather I must follow in loincloth (5)
8 Flask—mother's converted (7)
11 Partially over and above a balcony (7)
14 Exhibition cancelled by ostentatious person (4-3)
17 Surreptitious action of an old bowler (9)
18 Riding fellow joining circle (8)
19 Distinguished, but having insufficient power to act (7)
21 One of the essential parts of an electric fire? (7)
22 Seize meat, arrest and fetter (6)
24 Have experience of, in a sense (5)
26 Tribe left in gaol (4)

Solution to Puzzle No. 4,413



RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates: Golden Hour Part 1. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates: Golden Hour Part 2. 3.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.02 Ray Moore (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.32 Radio 2's top five albums. 10.03 Susannah Simons (S). 12.03 pm David Hamilton (S). including 1.45 Sports Desk. 2.03 Ed Stewart's Request Show (S); including 2.45, 3.45 Sports Desk. 4.03 Much More Music (S) with David Symonds, including 4.45, 5.45 Sports Desk. 6.03 John Dunn (S) including 6.45 Sports Desk. 8.02 Wightman Cup Special. 10.02 Keep it Maclean. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 Midnight News. 2.02 am Big Fight Special: Jim Watt v Sean O'Grady, live commentary from Glasgow. 2.30-5.00 You and the Night and the Music.

RADIO 3

7.00 am News. 7.05 Overture Concert: Mendelssohn, Borodin, Tchaikovsky (S). 8.00 News. 8.05 Morning Concert Vivaldi, Mozart, Ravel (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 10.00 Piano Recital (S): Bach, Rachmaninov, Lennox Berkeley, Prokofiev (S). 10.50 Janacek and Lutyens String Quartet and Solo Clarinet recital (S). 12.00 Boston Symphony Orchestra Concert, Part 1: Schubert, Mozart (S). 1.00 pm News. 1.05 Concert, Part 2: Haydn (S). 1.40 Comparing Notes: Talk, with records, by Christopher Hogwood (S). 2.40 Bath Festival 1980: Trio-sonatas and songs by Purcell and contemporaries (S), including 3.30-3.35 Interval Reading. 4.10 Building a Library: Nielsen's Fifth Symphony on record (S). 4.55 News. 5.00 Mainly for Pleasure, with Roger Nichols (S). 6.55 Play it Again, Preview (S). 7.00 The Complete Webern, introduced by Clive Bennett (S). 7.15 One Pair of Ears. 7.30 Ida Haendel, Violin and Piano recital, Part 1: Brahms, Grieg (S). 8.25 50 Years of the BBC Symphony Orchestra, Talk by Nicholas Kenyon. 8.45 Haendel, Part 2: Szymanowski, Suk, Wieniawski (S). 9.30 Sequences, Poetry reading. 9.55 Brahms: Some variations. 10.00 Music in Our Time. "Nordic Music Days" featuring music and musicians from Great Britain (S). 11.00 News. 11.05 Purcell (S). VHF ONLY—OPEN UNIVERSITY 11.15 pm The Pre-School Child. 11.35 Health Choices—Blue Skies.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 6.45 Prayer. 7.00, 8.00 News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. Novelist Catherine Gaskin. 9.45 Feedback. 10.00 News. 10.02 International Assignment—The Urban Future. 10.30 Daily Service. 10.45 Story Time: "Edge of Darkness, Edge of Light." 11.00 News. 11.05 Real Evidence. Here Today ... Gone Tomorrow? with Roger Cook. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "Prodigies" by Dawn Lowe-Watson. 4.05 In my Young Days. 4.15 Alternative Medicine: Back pain. 4.45 "Hell Hath No Fury" by Paddy Batson. 5.00 PM: News magazine. 5.50 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Week Ending (S). 11.00 A Book at Bedtime: "The Franchise Affair." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 A Ghost Story for Halloween. Emlyn Williams in version of "The Signalman" by Dickens. 12.00 News.

VHF—9.05 am, 11, 2 pm For Schools. 5.50 Garden Line. 11.00 Study on 4. dv./9.05 etazoin shrdlu etaoin etaoin

ENTERTAINMENT GUIDE

مكتبة من الأعمال

THE ARTS

Cinema

Punk and P. G. Wodehouse

by NIGEL ANDREWS

Sir Henry at Rawlinson End (AA) Paris Pullman
Caligula (X) Prince Charles
London Film Festival National Film Theatre
Wholly Moses (AA) Warner West End and Locals
Forty Guns Scala and Electric Cinema Club

Sir Henry at Rawlinson End is a scrap of British comic genius shot in messy black-and-white and starring an even messier Trevor Howard — a landed whale thrashing about amid the landed gentry—as the bibulous and raving squire of the title. If you never thought to see the day that P. G. Wodehouse goes Punk, pass yourself the Sal Volatile: that hour has come. Once upon a time English upper-crust eccentricity was sketched in Arcadian water-colours—tweedy Lords bantered non-sequiturs with silly-ass nephews or imperious aunts. Now the tradition has been caught in the machinery of the Overkill Era and the result is wondrous to see: half horrendous, half hypnotic.

Last week gave us an American import, *The Blues Brothers*, which showed us the sledgehammer side of Punk: a long series of concussive blows to the brain, eyes and ears. *Sir Henry at Rawlinson End* shows how Aesthetic Aggro—dancing a mad fandango on the graves of our artistic forebears — can actually be united with wit and invention. This film is magnificent. It lampoons the world of Wodehouse while never letting us doubt its devotion to that great comedy-chronicler of the Idle Rich. Vivian Stanshall wrote the poem on which the film is based and which is used in voice-over snippets in the film: an empurpled ballad celebrating its hero's squire-archical battiness and couched in rococo language that makes Dylan Thomas seem austere.

Sir Henry, as intimated above, is Trevor Howard: croaking out commands and epigrams through foghorn voice and facial foliage. Around him cavort a brace of batty servants (Denise Coffey as "Mrs. E" and J. G. Devlin incomparably seedy as butler Scrotum), sundry seen-better-days neighbours, and Patrick Magee lending his sepulchral snarl to the corrupt priest Sodden. Sir Henry spends his old age as the last bastion of aristocratic anarchy: a sort of Feudal Id running amok over the English countryside. His daily round includes supervising his private PoW camp, shooting passing birds and gardeners, and dressing up in blackface and touting to tour the country lanes on his unicycle. Meanwhile there are many banquets, much ribaldry, more bizarrerie, and for the audience a constant sense of whatever-next amazement.

Impossible to do justice to the film's arrant and quite unarch lunacy. One moment the dialogue hales out at us as if from a tongue-twisting Restoration comedy—"Your wit" says Magee to his spiv henchman Harry Fowler, "would not threaten a shrew's brain for occupation." The next, director Steve Roberts is doling out delicious visual asides like Sir Henry's reaction to a blackbird warbling gaily on a fence-post: he swots it off with a swift, unceremonious backhand.

Much of the film is ill-photographed, in erratic monochrome, and the voice-dubbing is casual to say the least. But the movie leaps off the screen with a wild individuality and is certainly a contender for the funniest film of the year.

★

Caligula is a contender for the most fussed-over film of the year. Produced by Bob Guccione, this gaga glimpse into Ancient Rome, complete with orgies, torture and a wrist-cutting Sir John Gielgud, opens for your pleasure at the Prince Charles. Shorn by the censor of several minutes, it's doubtless tamer fare than the U.S. release version, or the version I saw at the Berlin Film Festival back in February. (Mr. Guccione, wary no doubt of invidious comparisons, cancelled the Press preview of the British version: his stated reason in a letter sent to critics being that "it would exceed the average journalist's ability to remain objective and therefore fair in his comments.")

Summoning up my full objectivity and fairness in response to the uncut *Caligula*, I should say that it was the most oleaginous and drivelling piece of work ever perpetrated in the cinema's long record of daft skirmishings with Ancient History. Moments of giddy charm, mostly deriving from Malcolm McDowell's whirling - dervish Caligula and the movie's Decadent Chic settings ("The Hell with historical realism, let's make it look like Michelangelo designs - a - Sex - Supermarket"), are few and far between in a wasteland of gurgling, gargling eroticism; all of it effortful, none of it explicit enough to draw more than a demure "tsk-tsk" from Aunt Edna.

Helen Mirren swans through it all holding onto the scenery and her dignity, Peter O'Toole is interminably verbose as Tiberius, and the above-cited Sir John Gielgud is required to walk eyes-front between lines of naked youths and maidens before opening his veins in the bath. Well, at least one person connected with this production did the honourable thing. Elsewhere, it's Roman history butchered to make a Guccione holiday.

★

Better news is the forthcoming London Film Festival. This two-week pile-up of the year's best international movies begins on November 13 and looks to be one of the richest LFFs for years. Especially notable is the Veterans Revival Sweepstake, in which the front-runners are Japan's Kurosawa with his new epic *Kagemusha* (it won the Grand Prix at Cannes and opens the London festival) and France's Abel Gance with a showing of his reconstructed 1927 silent epic *Napoleon*. Five hours long, it shows at the Empire Leicester Square on Sunday, November 30, with a 43-piece orchestra and tickets at £7 each.

Elsewhere, from a vast selection of 90-plus feature films, I can only hurl eager hints your way and urge you to book now while seats last. (The festival is fully open to the public.) Not to be missed are: Marco Bellocchio's *Leap Into The Void*, Werner Schroeter's *Palermo or Wolfsburg?* Alexander Kluge's *The Patriot*, Shohei Imamura's *Vengeance Is Mine*, Peter Greenaway's *The Falls*, Bill Forsyth's *Gregory's Girl*, Ali Ozgenturk's *Hazal*, Victor Nunnez's *Gal Young Un* and Mark Reichert's *Union City*.

That short-list takes no account of appetising-looking unknown quantities among the films—especially in a strong British section—nor of "Special Events" like Martin Scorsese's guest lecture on Colour Photography. In addition look out for the new "Controversy" section, which rounds up *cause célèbre* films past-and-present, and thrusts before us the kind of movies that Mr. Guccione thinks exceed our powers of objectivity. Go and decide for yourselves.

★

Making a late and lunging leap onto the spoof-Biblical bandwagon set rolling by *Monty Python's Life of Brian*, *Wholly Moses* gets an instant rupture. Deep in Pharaonic Egypt is Dudley Moore: a humble Hebrew he, "Herschel" by name, who, happening to stray onto Mount Sinai when God is dispensing the tablets (the real Moses is just around the corner), surmises that he, Herschel, is the Lord's elect. Filled with delusions of grandeur, he promptly becomes the person you most want to avoid at Egyptian parties: prone to prattle on about his prophetic status and likely to turn water into blood at the drop of a staff, or to speak warningly of sunny intervals with scattered frogs.

Meanwhile Moses, the true strides heedlessly into History, the Nile Valley fills up with a plague of guest stars—Dom DeLuise, Madeline Kahn, John Houseman, Richard Pryor (as the Pharaoh)—and try-hard scenes of zany slapstick and anachronism are struck down in first infancy. The real disaster-disease, of course, is plagiarism Hollywood - style. Monty Python planted their flag on the Biblical hills, tamed the territory and batted away the cries of "Blasphemy!" *Wholly Moses* follows feebly in their sandal-prints, boasting neither the pioneering nerve nor the new-minting wit of their forebears. Two cheers for Dudley Moore, who cranks up his put-upon Teddy Bear act to try and carry the proceedings, but a resounding thumbs-down for the rest.

★

20th Century Fox have polished up for your pleasure a brand-new print of Samuel Fuller's spanking 1957 Western *Forty Guns*. In wide screen and black-and-white, this vintage horse-opera by the director of *The Big Red One* is a treat. Barbara Stanwyck cracks a fearsome whip as the lady-rancher heroine, Barry Sullivan is the sere and mellow gunfighter who tries to tame her, and Fuller's camera weaves its gusty, dusty magic across the screen.

Scene from 'Caligula'

Guildhall School

BBC College Concert

by DOMINIC GILL

I remarked the other day that there are in London this season more, and livelier, concerts of new music than there have been for years. Lines seem to be converging: the SPNM, Park Lane Group, New Macnaghten concerts, MusICA at the ICA—and many others—all play a significant role in this small but vitally encouraging renascence. And of course there is the BBC: throughout its crises, financial or political, unswerving in its commitment to new music, both broadcast and live. The Thursday Invitation and Round House Concerts are no more; but their place is taken by a still better scheme, now making its third annual appearance, of public College Concerts performed (and recorded for later broadcast) in the concert halls of the Guildhall School and the RCM.

The first programme of the new series on Wednesday continued the now established pattern of a premiere, a repeat of an unfamiliar work, and a "modern classic." The orchestra was the London Sinfonietta, and the conductor the young American Richard Pittman. John Buller's *The Mclian Debate*, scored for tenor, baritone and six instruments, takes as its text Thucydides' account of the Athenians' expedition against Melos in 416 BC. It is a riveting story of naked power-politics told with marvellous, dispassionate precision; and it was very brave of Mr. Buller to seek to embroider it with music. Brave, and perhaps (like his choice in other works of Joycean texts) unwise? There are some passing pretty things in his commentary — especially some ghostly after-shades, echoes of each declamation, and a very spare and beautiful final page. But the words are not cunningly set, and not nearly often enough audible; without the score and the words to read the BBC really must get round to providing texts in their programmes) the performance could have been a very frustrating experience indeed.

Even as it was, I doubted that Mr. Buller had entirely succeeded in his aim of providing an apt and effective musical context for his story: in itself so much sharper, stronger, cleaner-cut than the rather urbane and delicate web he spins around it. Jacob Druckman's *Animus* proposed another kind of journey for voice and instruments entirely, but one that was neither as interesting nor as satisfying (nor as transparently honest) as Mr. Buller's—"a song recital recollected in a nightmare" ("nightmare" is always a useful composer's reference) of jumbled manners and techniques, 30 minutes long: electric organ and piano, tape, instruments and voice; snatches of Chabrier and Liszt, straight and distorted; snatches of exceeding cleverness—but little of genuine focus, real point.

If either work had caught only a tenth of the dramatic sense and focus of Harrison Birtwistle's *Down by the Greenwood Side* (the implied title of "modern classic," even after only 11 years, is surely right), then each would have made a powerful mark. I had not heard Birtwistle's "dramatic pastoral" since its premiere in Brighton in 1969 and it was a delight to return to—dark and sinuous, shot through with sudden shafts of lyrical warmth, at once funny and deeply sad, unmistakably the creation of the composer who was soon to write *Punch and Judy*. The performance, only semi-staged, was finely gauged, with lively contributions from four members of the National Theatre, and by the Sinfonietta beautifully played—a little work of genius that should be taken into the repertory of every music theatre group in the land.

St. John's, Smith Square

BBC/Sacher

by RONALD CRICHTON

Paul Sacher's appearance with the BBC Symphony Orchestra on Wednesday was not concerned with any of the countless 20th century composers of whom he has been a discerning and enlightened patron. The distinguished Swiss musician gave an all-Haydn programme—an early symphony and a late Mass. There was a good audience, which as usual in this church improved the acoustics. With the exception of one feature to be noted later, reverberance—and the clear-textured Haydn is especially vulnerable —was not too obtrusive.

The "Philosopher" Symphony (No. 22) is one of the strangest of the long, wonderfully varied series he wrote for Esterhaza. The slow movement, serious and even stern in cast, comes first, followed by two totally dissimilar prestos separated by a stately minuet. Instead of oboes, Haydn used a pair of cors anglais. But behind the seriousness (not solemnity) of the Adagio one senses the man's essential geniality. And since the cors anglais lend unexpectedly deep colour to the trio of the minuet, the symphony in performance has greater unity than description suggests.

The playing captured both the seriousness and the geniality. After the interval the "Creation" Mass (B flat, Novello 4), some 40 years later than the symphony, was done sturdily, with a vigorous contribution from the BBC Singers. From a front seat there seemed to be too little dynamic contrast, and too uniform loudness. This may have been partly the fault of the building. Though the harmonies did not tangle, the sound in some curious way accumulated. Listeners further back and to the broadcast may have had a different impression.

The "Creation" Mass is less exceptional than some of its fellows, but that amounts to little more than saying that the better is the enemy of the good. There is a fine "Credo" in which Haydn despatches clause after clause with a concision and sense of dramatic contrast that combine superb craftsmanship with total reverence. The "Benedictus," ushered in by burnished horn phrases, is outstanding. The solo parts in Haydn's masses rarely amount to much in quantity but they need good singing. Wednesday's strong quartet consisted of Eiddwen Harrhy, Cynthia Buchan, Maldwyn Davies and Christopher Keyte.

Coliseum

La Bohème

by MAX LOPPERT

For Wednesday's English National *Bohème* (given in aid of the Royal National Institute for the Deaf), the original producer, Jean-Claude Auvray, was back to supervise the proceedings. The appreciable consequence was that all the inconveniences and irritations of M. Auvray's staging in Hubert Monloup's handsome designs, instead of being rubbed down by the natural sandstone process of opera house revival, were exposed with new and grating clarity.

The enclosure of the students' attic as a box with access visible to the audience means that much of what should be offstage and unseen (including, on this occasion, the passage of several stagehands) gets dragged into the action. A sub-cinematic kind of lighting, involving group "freezes," tampers with the high-spirited comedy of the second act; intermittently, the principals disappear altogether behind the ill-disciplined *ragazzi* of M. Auvray's Left Bank. The excesses of supererogatory detail are confined to the first two acts (though not entirely eradicated later): they are already sufficient to prove a central point about the opera, ignored by the producer to its cost: *La Bohème* may not be an opera that "plays itself," but in order that its blend of comedy and sentiment be most fully experienced, that is the condition to which all successful productions must tend.

The impact made by three new players was accordingly more modest than their good qualities should have permitted: Sally Burgess, one of the company's brightest young lights, undertakes her first Mimi; the performance is already uncommonly attractive and interesting, though as yet it cannot quite bestride the action when music and play insist it must. Miss Burgess's soprano, beautifully liquid and sensuous in low and middle registers, goes hard and edgy at the top; against this must already beset the individuality of her verbal utterance (words like "silk and satin" sound wonderful, vivid in her mouth), the delicate portamento style the natural stage address. She alone awoke the evening to that "something more" that after countless encounters one still requires from the opera.

John Treleven's strong tenor and candid appearance have not quite discovered the romance of Rudolph (I give the French names, though company usage wandered comically into Italian and back). Unusually for an operatic tenor, he responds better to camaraderie than to courtship. Musette is the handsome Penelope Mackay; a lack of tonal firmness underlined the operetta touch encouraged by the producer's gauntlet of kneeling admirers before her big number.

From the 1977 cast Christian du Plessis, an unusually (but convincingly) restrained Marcel, remains a source of strength. (Mr. du Plessis' Italianate baritone sounding notably at home in Puccini); likewise John Tomlinson's Colline (despite a tendency to boom his Coat Song). James Lockhart, returning to this country after eight years as music director at Cassel, has taken charge in the pit. Good, firm playing is a bonus; alert pacing the product of experience; now that Mr. Lockhart has reminded us of his no-nonsense qualities, he should allow the music to linger and expand a good deal more than he did on Wednesday.

Wexford Festival—2

Edgar

by DAVID MURRAY

Another brave Wexford revival is Puccini's *Edgar*—his second opera (the first was *Le Villi*, originally just a one-acter), twice revised and still a breathtakingly silly confection. It boasts only one principal stylish enough to do full justice to the young composer: Terence Sharpe as Frank, the baritone rival and eventual boon companion of the tenor hero. His crisp attack and his verbal inflections were finely judged and sonorous. Nico Boer's Edgar maintained a lusty ring, once past some indeterminate singing in the first act, and pleased the house well enough, but he was unremittingly loud in music which needed more tenderness and grace to blossom.

Like his ladies—sufficiently identified by their names, Fidelia and Tigrana—he regularly spread our dotted-notes which give point and precision to Puccini's line. Magdalena Cononovici's Tigrana was happiest in her lush mezzo register, always a little vague of pitch, and never offering the clean cutting edge that the heights of the part require. (Puccini first conceived the role as one of wild dramatic intensity and vaulting difficulties; the final revision reduced some of the hazards, but the character of the writing remains unmistakable in what remains). Roderick Kennedy sang staunchly in a exiguous paternal role.

To Fidelia, Iris Dell'Acqua brought much musical intelligence, and floculent timbre—there were moments of pretty, Straussian expansiveness, but little sustained Italianate line. Roger Chapman staged the piece fairly baldly; it isn't clear than any alternative would be better.

The musical and dramatic transitions of the opera are stark and clumsy, though nearly all the substantial numbers reveal the authentic Puccini, precociously individual.

The plot, as it stands (Tigrana had more ambitious villainy to her credit in the first draft, and her reduced malevolence leaves everybody under-motivated), is impossible — "Tigrana begs Edgar to throw off his gloom and to return to their pursuit of lust," forsooth! Mr. Boer did not look remotely like a man subject to such temptations in any case, though Act 2 began with strange maidens helping him into very peculiar breeches. Robin Stapleton did not secure seductive playing from the orchestra, least of all the violins; what he did was decently idiomatic, but he turned Puccini's big Requiem set-piece into a lumpish *valse triste*, and generally gave his players and singers their heads where more scrupulous shaping and restraint might better have shown the measure of Puccini's developing talent.

Paris theatre

by NICHOLAS POWELL

The opening of this year's season in Paris has been a gloomy one, leaving one critic pondering whether "la rentrée théatrale" was not, artistically and socially, a thing of the past; nowadays, people just come back from holiday.

The Theatre de la Ville kicked off, daringly, with *Les Cannibales* which was to have been the avant garde event of the autumn. Written and directed by a young director from Grenoble, Georges Lavaudant, *Les Cannibales* is an unmemorable collage of extracts of novels, newspaper clippings and other plays, accompanied by snatches of Verdi, Wagner, Glenn Miller and original punk compositions. The programme explains that the play takes us from Grenoble to Berlin to New York and in a lengthy interview, that Lavandant intends it to be "a marriage of Shakespeare, Chekov, Brecht and Peter Handke." It makes *The Romans in Britain* seem unassuming.

The classics are faring slightly better. The recently re-opened Theatre de Paris is presenting a *Mariage de Figaro* which brings Beaumarchais' cluttered text to life. The first production of the play in Paris in 1784 created an uproar. That revolutionary spirit, understandably after two hundred years of literary respectability, is dampened in Francoise Petit's modern version.

The atmosphere is less full of the joyful fight for new liberty than of belly-aching about how unfair it all is. Figaro, after all, risks losing his fiancée momentarily to the Count because of the latter's *droit de cuissage.* Instead of showing virile revolt, Figaro slopes around like a sulky shop steward saving it up for a branch meeting. Fortunately the Countess and Suzanne — the real victims, after all—are better acted than their male partners.

The Comedie Francaise has disappointed nearly everybody with a timid look at Moliere's *Le Bourgeois Gentilhomme*, by Jean-Laurent Cochet, a die-hard traditionalist of the company.

Costumes and set are chocolate box pretty, the danced interludes uninspired. Worse, Cochet turns his back on the satire of the original text, which is about as kind as bear baiting. What was a gutsy "*comedie-ballet*" for the court of Louis XIV is turned into a pale drawing room comedy. Are middle-class audiences not to be trusted with Moliere's harsh look at the follies attendant on social climbing?

As part of this dilution, the teachers hired by the bourgeois to endow him with the social skills of a gentleman are played as amiable nonentities. Hence the ideas of laughable, pitiful pretension on the one hand and of exploitation on the other, are lost. What remains is comic star Jean le Poulain, who last year played a fine "*Malade imaginaire*" in the role of the bourgeois Monsier Jourdain.

But given the poverty of practically all the supporting actors and the defusing of the satire, le Poulain can only go for easy, almost slapstick laughs. He plays the ambitious, destructive side of Jourdain as mere foolishness, his greed as innocent buffoonery.

Samuel Beckett has already become a sort of classic in his city of adoption. *Fin de Partie —Endgame*—at the Theatre de l'Est Parisien takes place, orthodoxly enough, in a dull red brick warehouse set, with the letter of the text scrupulously respected. And when much French theatre is spoilt by over-acting — the Theatre de l'Est is not innocent of the charge — it is a pleasant surprise to see director Guy Retore toning down the characters. The fundamental images of impotence and hopeless dependence remain, with Hamm and Clov more tragic than comic.

Boulevard theatre is what is working best this year, it seems. At the Theatre Athenee they have wheeled out *Cher Menteur —Dear Liar*—Jerome Kilty's entertainment based on the letters of George Bernard Shaw and Mrs. Campbell. The translation is by Jean Cocteau, the costumes by Yves St. Laurent and the characters played by monstres sacrés Jean Marais (Jean Cocteau's friend) and Edwige Feuillere.

On stage, both are too busy being themselves. Marais, in dinner jacket and dickie bow cultivates a raucous voice which, one supposes, is typical of Irish dramatists. It grates and no other trace of personality comes through. Edwige Feuillere is very Paris West End in a succession of St. Laurent gowns. Her hair we are told is styled by Philippe Houvet, her make up by Institut CRES and her shoes by Mancini. As someone said during the interval, with mediocre actors the play would be nothing at all.

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Facing up to an emergency

WHILE THE man in the driving seat, still seeing the lowest petrol prices of the year in the garage forecourt, may well feel that easy supplies are still one small compensation for a world recession, the financial markets now think they know better. As the military stalemate between Iran and Iraq drags on, and positions are declared ahead of the OPEC price review in December, the prices of oil shares and in the spot market are now moving to discount the possibility of yet another sharp rise in the price of crude oil. What was a theoretical possibility at the start of the Middle East war must now be ranked as a real danger.

After the experiences of recent years, the possibility of an oil price rise put by the speculators at up to 20 per cent, or about half that in real terms, may look like a misfortune rather than a disaster; but in the present state of the world business cycle, the threat is a grave one.

Stable price

The present recession has mined action on the part of been cause largely by deter-Governments in consuming countries to ensure that real incomes are cut promptly in response to a deterioration in the terms of trade. The hope has been that because the demand pressures which would have prolonged the inflationary response, and the struggle to contain it, have thus been reduced, the recession would be a relatively mild and short one.

An oil shock, coming on top of a poor harvest in the main producing countries, could undermine this strategy and turn recession to slump—or compel Western governments to ease their anti-inflationary stance, with the grave long-term risks which that would imply. Thus in spite of current high stock levels and the subdued demand for oil, the price threat does pose the possibility of an emergency in terms of economic management.

The temptation for Western governments is to hope that the moderates within OPEC, who well know that a deepening economic and financial crisis would threaten their own strategic and investment interests as well as the interests of consumers, will somehow hold the line. Certainly it can be argued that a large price rise is not even a particularly rational response to a very temporary situation. In due course the conflict will be resolved and the combatants, who have suffered heavy material loss, will be eager to resume their own sales.

A resumption of Iraqi and Iranian shipments, in what would then be a still more depressed market, would soon produce an exaggerated repeat of the recent over-supply in the market, and a heavy downward pressure on the price. The aim of the Saudi moderates, to reimpose unified pricing and so present a solid front to win a stable real price for oil, would be lost.

However, it is clearly not easy for the Saudis to persuade other producers to forgo possible short-term gains, whatever the long-term implications. Other Gulf producers have joined the Saudis in raising output to fill part of the gap left on the supply side, but have coupled this with demands for surcharges, so far resisted. The OPEC record does not encourage hopes of wise strategic decision-making.

In these circumstances it seems reasonable to ask whether the consuming countries could not show a little more activity in face of a possible emergency. The case for quietism has until now seemed persuasive. A display of sang froid, based on the possession of large stocks, has helped to maintain calm even in the spot market until very recently.

However, the line between measured calm and head-in-the-sand can in some circumstances become a narrow one; and we may now be facing a situation where the resolution of the moderates not to take damaging decisions in search of short-term rewards could be bolstered by some display of resolution on the part of consumers.

Contingency policy

What might be helpful is not any immediate action, which would indeed be absurd at a time when stocks are still so high as to pose problems for the oil companies, but some public moves to agree on a policy for contingencies.

If it were clear that in threatening short-term circumstances the consumers were prepared to take painful action to conserve high stocks, and maintain a favourable market balance by acting on demand, the temptation to provoke such action through the price mechanism would be reduced. Quietism can help to preserve calm; but if it is maintained too long in changed circumstances, it can simply strengthen the delusion among the more militant producers that they alone dictate events.

No cause for despair

BRITAIN'S productivity problem, according to a Brookings Institution study published recently, "originates deep within the social system." The author suggested that "an optimistic disposition" was needed to suppose that a democratic political system could eliminate the problem. He went on to advise policymakers to "try to hold Britain's aspirations for consumption in line with what its system is willing to produce."

Cultural

This is no doubt realistic advice, but it is not easy to square with evidence showing that some British enterprises are well able to compete, in efficiency and product quality, with the best of the international competition. If some British managers are able to overcome the social and cultural obstacles which so depressed the Brookings observers why cannot others do the same?

The extraordinary variations in productivity between plants and companies in the same industry are illustrated in a study of productivity trends between 1950 and 1973 in this week's Department of Employment Gazette. In the motor industry, for instance, there were ten plants where output was below £1,000 per man year, while at the opposite extreme there were ten plants with output above £5,000 per man year.

In iron and steel the three most productive plants had average productivity more than 25 per cent higher than the three least productive plants. A similar pattern was found in most industries: a relatively small number of plants had levels of productivity much higher than the group of plants at the opposite end of the productivity scale.

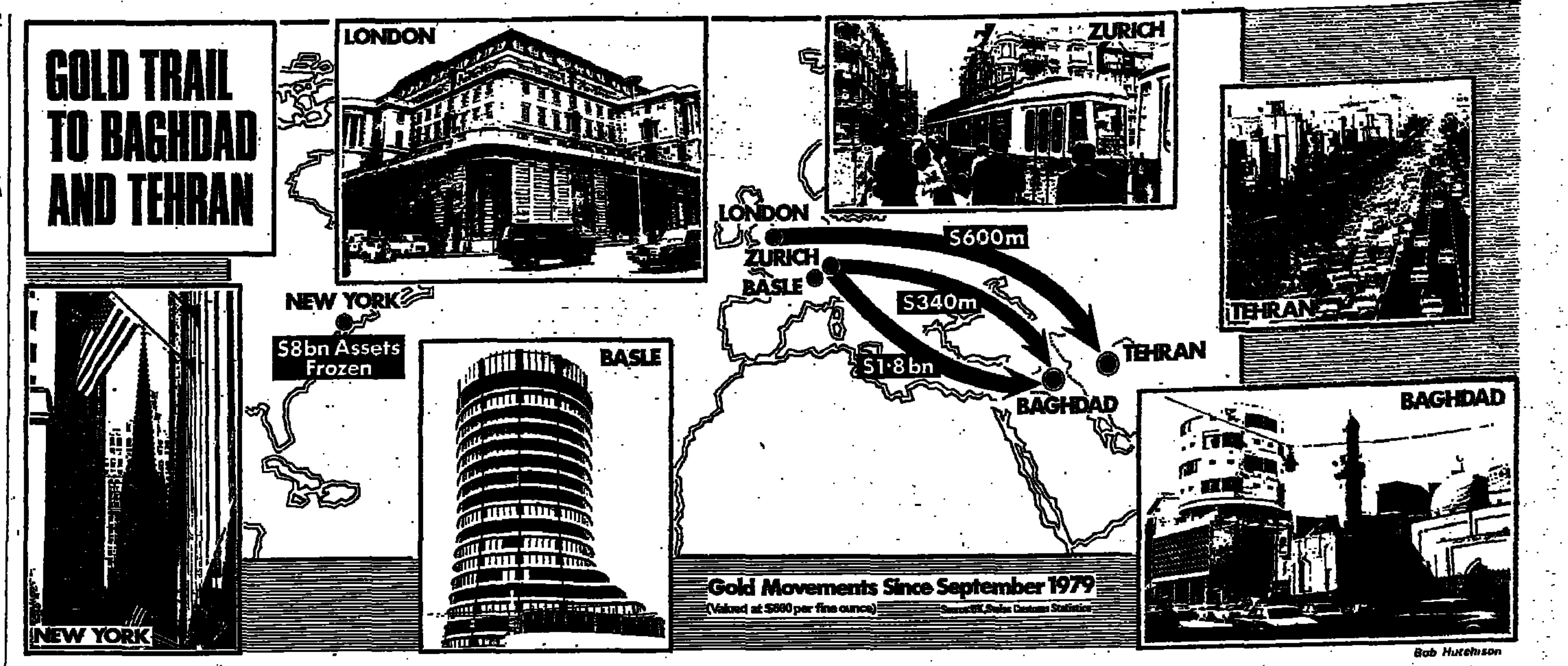
The Department of Employment study looked at the influence on productivity of four factors—plant size, skill mix, degree of specialisation and trade union coverage. It appears that in most industries an increase in the number of operatives — as opposed to administrative, technical and clerical staff—is associated with a reduction in productivity. This may be related to the difficulty of managing large numbers of operatives or to the activities of trade unions, whose role tends to increase with the size of staff.

These findings are consistent with one of Brookings' conclusions, pointing to the poor performance of the older industries, highly unionised and "stuck with a heritage of divisive labour-management relations." The Brookings study identified two other types of industries which were likely to decline in importance because of low productivity—those requiring large managerial cadres or managers with a high level of administrative skill, and those with substantial scale economies.

The trouble with this kind of analysis is that it leads either to a sense of despair—we are stuck with our heritage and with the relative poverty that goes with it—or to totally impractical conclusions—that the future belongs to small, non-unionised plants which are within the compass of not very well qualified managers.

Potential

A more constructive approach is to recognise the enormous potential for increasing productivity throughout British industry — a potential which can be unlocked through better management. The Government's ability to influence this process directly is limited, as the Brookings study pointed out, though there are areas where public policy is important; technical training is one of them. The profits squeeze which British manufacturers are now enduring appears to be contributing to improvements in efficiency and possibly to better relations between managers and employees. But whether the changes are permanent or not depends on the managers of individual companies and plants. The fact that some of their UK competitors have already achieved internationally competitive levels of efficiency suggests that the British productivity problem is not insoluble.



Bob Hutchinson

Iran, Iraq hoard their gold

David Marsh reports on the way in which the two sides in the current Gulf war are taking their gold home and the impact that President Carter's freeze on Iran's assets has had on the world gold markets centred in London and Zurich.

"THIS, it would seem, is to be a king," remarked Alexander the Great early on in his campaign against the Persians in 333 BC, when he set eyes on the first batch of what would now be a $4bn haul in gold booty ransacked from the Mesopotamian palaces of the luckless Darius III.

Something of Alexander's enthusiasm for the yellow metal seems to have infected the present-day combatants at the mouth of the Tigris and Euphrates.

The governments of Iran and Iraq have been using their oil wealth to become large scale hoarders of gold. What they do with the bullion is now a major factor dictating the price on the international gold market.

And both sides have been making clear in recent weeks—just like Alexander—that the size of their gold reserves contributes greatly to their ability to withstand the costs of war.

Both Iran and Iraq conduct their gold operations in extreme secrecy—all the more so because some of their transactions are carried out with the help of central banks in industrialised countries with which Iran, at least, has frosty relations.

It is clear, however, that one factor has been crucially important in increasing the appetite for gold of both Iran and Iraq as well as a number of other countries in the Middle East and elsewhere. This was President Carter's action, in the wake of the seizure of the U.S. embassy in Tehran last November, to freeze about $8bn of Iran's assets in U.S. banks—including more than 50 tonnes of gold held at the New York Federal Reserve Bank.

The blocking action has had two main consequences. It has encouraged a number of countries—Iran is only the main example — to diversify further their reserve holdings into non-dollar currencies and gold. And it has made these countries more eager to hold their assets in places deemed more secure from interference: currencies have been moved to non-U.S. banks, and gold has been shifted back home from foreign depositaries.

Customs statistics from the UK and Switzerland, the two centres of the international bullion market, throw some light on what has been going on. They show that since last autumn Iraq has transferred about 90 tonnes of gold, worth $1.8bn at present prices, from Zurich to Baghdad. Iran has brought home a total 46 tonnes from both centres, worth nearly $1bn. A number of other oil exporting countries have also shifted large amounts of bullion from Zurich and London this year, while Iran may also have transferred gold back to Tehran from France and Germany.

These are very large amounts: the Iranian and Iraqi movements total about 20 per cent of South Africa's annal production. Since it is most unlikely that either country has acquired

The movements reflect anxiety to be free of Western interference

gold for jewellery purposes or industrial use this year, the movements almost certainly represent transactions by the Iranian and Iraqi central banks.

It is unclear, however, to what extent these shipments represent either new acquisitions or movements of old stocks of bullion previously stored in Europe.

In Iran's case, the movements have largely reflected Tehran's anxiety to transfer its existing gold reserves back home free of possible western interference. But bullion dealers believe that Bank Markazi, the Iranian central bank, has also been making fresh purchases this year as a means of diversifying reserves into channels that are, it hopes, both more profitable than paper currencies and safer from seizure.

Iraq, where details of reserves have been regarded as a state secret since 1977, presents even more of an enigma. Part of the gold holdings repatriated from Switzerland undoubtedly represents old stocks brought home for security reasons. One Swiss banker in close touch with Baghdad thinks some of the metal may have been stored with the Bank for International Settlements, the Basle-based central bankers' bank, which acts as a depositary for about 1,500 tonnes of gold from many nations, worth about $30bn at present prices. "God knows why they have brought the stuff back home," he says. "It would be safer here."

But the Iraqis clearly have been buying new metal too. In support of the view that the shipments were prompted by other considerations than the U.S.-Iran freeze, the Swiss customs figures show that sizeable Iraqi shipments from Switzerland started in September last year. This was two months before the seizure of the U.S. embassy hostages. The amounts transferred to Baghdad did increase substantially in the early months of 1980—and the spring was the time, according to Zurich dealers, when Iraq made an appearance in the market as a buyer.

Iraq is also known to have made purchases of gold on the London market this year—although buying by both countries seemed to dry up some time before the war put a stop to their oil exports.

Even more mystery surrounds the use to which bullion reserves have been put since the fighting broke out last month.

At first sight, it appears puzzling that the international gold price has fallen sharply when Middle East unrest would normally be expected to push it up.

From its recent peak of $720 per ounce five weeks ago, in the early days of the Iraq-Iran conflict, the price fell to a low point of $630 this week. It has since recovered somewhat to stand at more than $640 yesterday. Paradoxically enough, the rise since mid-week largely reflects the ebbing of speculation that the American hostages in Iran would be released soon, which would have led to an easing of the international tension on which bullion buffs thrive.

There have been rumours in recent weeks of gold sales by either Iran or Iraq to defray the costs of fighting. As M. René Larre, the general manager of the BIS, points out, it is at least "a hypothesis" that Iran, with much of its exchange reserves frozen by the U.S. blocking action, might need to sell gold to finance the war.

Senior bullion dealers in London and Zurich do not in fact believe that any significant off-loading has taken place. A large part of the selling pressure from the Continent last month is now thought to reflect sales by the Russians, who chose the spurt in price caused by the outbreak of the Middle East war to make large-scale deliveries to Zurich for the first time for a year.

One gold trader in London makes the point that if Iran were in serious financial trouble, it would probably use its gold holdings as collateral to raise loans rather than to sell the metal outright. This type of operation however would require Tehran to hold gold stocks outside the country as physical backing for any loan—and it also begs the question of whether Iran has any friends left to provide such assistance.

Both Iran and Iraq have made clear that their gold stocks have more than economic significance. Asked how much gold Iran owns, Mr. Ali Reza Nobari, the governor of Bank Markazi, answers only "a lot" and denies that any has been sold. Claiming that his country has about $8bn in foreign currency unaffected by the U.S. asset freeze (a figure which foreign bankers think is an optimistic overstatement) he maintained earlier this month: "We do not need to sell a drop of gold to finance the war."

Mr. Hassan Majabi, the governor of the central bank of Iraq, is even more emphatic. Announcing in mid-October that his country's gold reserves had

Gold stocks have more than economic significance

reached an all-time peak, he declared that Iraq had enough gold and foreign exchange reserves to endure another year's warfare.

Whatever the clandestine nature of the two countries' financial operations, it is likely that they share some of their secrets with at least one group of outsiders: the other members of the international central bank circuit.

According to reserve figures drawn up by the International Monetary Fund, which give only an approximate picture of the holdings of Middle East countries, Iran had about 120 tonnes of gold reserves at the time of the asset freeze last November. (The latest IMF figures on Iran put its reserves at 135 tonnes as of February, slightly more than the last published figure for Iraq, in 1977.)

In common with normal international practice Iran's gold reserves were spread around the world at the time of the freeze with about 40 per cent of its published holdings on deposit with the Federal Reserve Bank of New York.

This gold, worth roughly $1bn at present prices, has been blocked since November last year—which helps explain the alacrity with which Iran has retrived gold held elsewhere in the West since the asset freeze. The bulk of the 29 tonnes of Iranian gold brought back to Tehran this year from London is thought to have been lodged with the Bank of England, which, like most of the major central banks except the U.S. Fed, still maintains cordial links with Bank Markazi.

The Bank of England gold link with Tehran goes back at least to 1942, when Britain sold about 26 tonnes of gold to the Iranian government to offset war debts.

Mr. Nobari, an urbane guest at this year's central bankers' festival at the BIS's 50th anniversary lunch in June, is thought to have made at least one visit to London since the asset freeze to discuss the affair with the Bank. His remark last December that the Bank of England was on Tehran's side caused some red faces at Threadneedle Street—it was reported on the same day that Mr. Cyrus Vance, then U.S. Secretary of State, was in London seeking help with the blocking action.

International gold pundits will be watching carefully for signs of a quick withdrawal of Iranian gold from New York when and if the U.S. hostages are freed. At least one Swiss banker appears to think that Iran might also want to turn some of its blocked dollars into gold as soon as the asset freeze is lifted.

Meanwhile Bank Markazi might like to take note of a cautionary historical tale emphasising that gold has never been a risk-free investment. When Alexander in 324 BC returned from his expedition to India—financed mainly by the golden plunder from Babylonia and Persepolis—he discovered that his treasurer, Harpalus, had gone back to Athens with 5,000 talents in gold—underlining that strong central bank vaults were just as essential 2,300 years ago as they are now.

MEN AND MATTERS

'Doctor' John prescribes

If British industry's major ailment is poor productivity, then it is about time we had a national centre for developing the remedies, says John Cousins.

So tonight, as chairman of the British Council of Productivity Associations, he is gathering 120 leading industrialists, trade unionists and civil servants at Henley Staff College to explore the possibilities.

Cousins, a former national secretary in the transport workers' union that his father Frank once led, complains that "poor politics, not poor equipment or ideas" is holding back improvements.

"There is a plethora of institutions and interests concerned with some aspect or another of the problem but no real focal point," he tells me.

Britain is almost alone among the industrial nations in having no national centre. "Japan has one that regularly sends people over here to study our worst practices to ensure they don't creep into their industry," he protests.

Cousins, who is director of personnel for Plessey, would like to see a British centre run on the lines of the two in the U.S. There, industrial managers and trade unionists are seconded to join a full-time nucleus of staff, helping to identify problems, find solutions and then take them back to the shop-floor.

"This sort of operation shouldn't cost more than £500,000 a year," he says. "Roughly what a 20-minute dispute can cost in any large company."

John Cousins . . . a cure for our economic ills

Changing gear

Taking time out from the helter-skelter atmosphere of the Australian mining scene, Peter Briggs will take the wheel of his 1902 Clement on Sunday for the sedately-paced London-to-Brighton veteran car run.

The Australian entrepreneur—he is chairman of four mining exploration—companies is sparking with enthusiasm about the prospect.

"I almost left it to late to get here," he tells me. "It was all a bit of a rush. I had to get the car flown over—but I managed to do a deal with Qantas that turned out to be cheaper than shipping it." Whatever the cost, I hear, Briggs will not have been embarrassed. His high-flying deals in the outback and the more comfortable surroundings of the Australian stock market are reputed to have netted him a fortune of some £20m.

Briggs has a passion for veteran cars and keeps a collection of around 50 in the little town of York outside Perth. "I found the Clement in Tasmania," he says. "It is one of the very few with a wooden chassis and the restoration took a lot of time and effort. But it will go at 20 mph with a tail wind."

Combining a little business with his leisure, he tells me: "The resource business is booming and there's a lot of interest here."

But the only deal he has actually struck has been to buy an 1894 Peugeot—"probably the oldest in the world and in fantastic condition."

His naturally competitive urges will be kept in check for the Brighton run. Norman Fowler, Minister of Transport, who is driving a 1903 Daimler, is unlikely to find himself overtaken.

The game's up

Running a company is tough at the moment but persuading people to play at being whizz kids and oil sheikhs is even harder. It seems the British public does not consider a business game the ideal relaxant.

"My family enjoyed Flutter," says a Spear's spokesman of his company's Stock Exchange game. But sales were poor in the 1950s, when the game was originally launched, and now, 20 years later, Flutter has flopped on its re-launch.

Anyone who fancies a risk-free foray on the stock market can saunter down Regent Street, where Hamley's is flogging off the last of the line at £4.80 a throw.

Also at Hamley's is another soon to be extinct *laboro ludo*, Petropolis. "Petropolis has been a disaster. It just didn't click," says Anthony Newfield who launched it—on the road to oblivion as it turns out—three years ago.

According to the blurb, Petropolis is a game for two to seven players who, for £7.25, can experience the thrills and spills of being an oil tycoon. As in life, the object of the game is to wax fat by controlling and operating oil wells.

This is achieved with the aid of one board, 27 property concession cards, 25 telex cards, 7 player pieces, two dice, 34 derricks, 14 platforms and 390 petrodollars. Compared with Petropolis, running a real business looks relatively simple.

Testing times

Budding entrepreneurs in search of capital may now find it in Swindon—if their ideas survive the stringent testing of a six-day "workshop."

Venture Founders, just established there in search of tomorrow's successful businessmen, demands endurance as well as intelligence from applicants for financial backing. Managing director Brian Haslett expects them to demonstrate and develop their ideas over the hurdles of his residential induction course. "If potential entrepreneurs cannot cope with these sessions, they are better off learning now than later," he tells me.

"By the end of these sessions they should know if their ideas are worth pursuing," he says. And he should know whether they are worth a Venture investment of £50,000 to £350,000.

Haslett returned from the U.S. recently to set up the company, a subsidiary of Venture Founders of Boston, with funds coming from institutional investors led by two Scottish groups, Murray Johnstone and Scottish American.

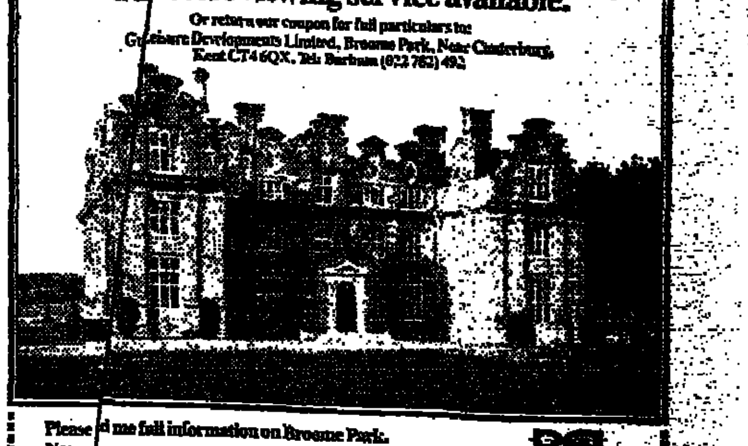
Some credit for attracting the company to Swindon must go to the town's industrial adviser, Douglas Smith. But Haslett clearly has an eye on the area's high technology companies which he regards as "incubators" for ideas.

Smith hopes to benefit by seeing the ideas turned into fledgling businesses in Swindon itself. A number of "nursery units" will soon be available for small companies, offering overhead savings through communal services.

Man of principle

"My wife says she would drop dead if I ever came home sober from a rugby match — but I'm not going to be bribed."

Observer



POLITICS TODAY

The story of how not to make a cut

THIS IS a story about expenditure cuts. It is not dramatic in that it produced no Cabinet resignations and no great savings, either. But one suspects that it is rather more typical of the battles now going on in Whitehall than (say) the Treasury pitch for £500m off the defence budget.

The story goes back to 1966 when Mr. Anthony Crosland was Secretary of State for Education and it concerns the fees paid by overseas students for higher education in Britain. It is really about muddle, inter-departmental squabbles, short-term decisions and lack of any central direction.

Until the mid-1960s overseas students paid the same fees as home students. But the Treasury was looking for savings and one relatively painless way of finding a few million pounds was to introduce an element of discrimination. Mr. Crosland agreed to raise the overseas fee to £250 a year while the home fee was set at £70. There was a certain amount of moral indignation, yet a principle had been established: when looking for marginal savings, put the pressure on the Department of Education and overseas students. Only a minority will object to foreigners being made to pay more. (No-one should argue that an ungenerous approach to aid policy began with Mrs. Thatcher.)

There was also the argument that discriminating against overseas students made it look as if you were doing more for home students. If fewer overseas students came as a result of higher fees, there would be more room in the universities for the British. The idea of a permanently expanding British university population still held good.

Thus in 1969 Mrs. Shirley Williams issued discussion proposals designed to make the admission of overseas students more restrictive. In 1976 another Labour Government went further. Mr. Fred Mulley, then Education Secretary, announced that the Government "cannot accept the continued rapid growth in the number of overseas students coming to our institutions.... I am therefore proposing to ask universities and local education authorities to aim at overseas student intakes in 1977-78 and subsequent years which will stabilise total numbers at recent levels."

The Tories therefore had ample precedent for having another go at overseas students when they returned to office last year. On June 12, 1979, they raised the overseas fees by 20 per cent in an attempt to achieve a saving of approximately £6m in that financial year. In November of the same year they went further. While stressing the need to give priority to home students, the sought an annual saving of some £100m by declaring that "as from the start of the academic year 1980-81, all overseas students who begin courses of higher and further education in Great Britain will be expected to pay a fee covering the full cost of tuition." The only reason why the issue does not figure in the present round of expenditure cuts is that there appears to be nothing left to cut.

PROPORTION OF OVERSEAS STUDENTS IN UK HIGHER EDUCATION

Year	Total enrolment '000	Overseas '000	Overseas %
1971-72	464	26	5.6
1972-73	473	30	6.3
1973-74	481	34	7.1
1974-75	487	40	8.2
1975-76	505	48	9.5
1976-77	516	55	10.7
1977-78	510	57	11.1
1978-79	508	58	11.4

Source: British Council Statistics of Overseas Students in Britain.

Yet the problems have not been resolved. Indeed, it is doubtful whether they have even been defined at government level.

Mr. Crosland's original decision to raise the fees for overseas students had only a brief effect in controlling the numbers. The peak figure for overseas students at public institutions in Britain in the 1960s was about 36,000. That was the year before the fee differential was introduced. The numbers fell back to around 31,000 by the end of the decade, but began to rise sharply again in the early 1970s. By 1976-77 there was a total of about 83,000.

Mr. Mulley's overt attempt to control the numbers did not work, either. There is a caution here in that all figures on the subject tend to be two or three years behind the times, but for 1977-78 the number of overseas students receiving higher or further education at British public institutions was over 86,000. The general belief is that it continued to rise rapidly in the next two years.

There have also been some striking changes in the profile. Since the early 1970s the number of British students in higher education has been virtually stagnant. From 1971-72 to the end of the decade home enrolments rose by only 2.7 per cent. In the same period enrolments by overseas students rose by 123 per cent. As the table shows, overseas students accounted for 11.4 per cent of students in Britain in 1978-79 as against 5.6 per cent seven years before. In the 1980s the home student figure is likely to fall dramatically, reflecting changes in the birthrate.

The figure of 11.4 per cent is, of course, an average. At the University of Leicester, for instance, overseas students account for only about 4 per cent. But at other institutions the proportion is considerably higher. At the University of Manchester Institute of Science and Technology it is 34 per cent. When it comes to postgraduate studies, overseas students constitute 37 per cent of the total enrolled.

The breakdown by subject groups is even more startling. In engineering and technology 57 per cent of all postgraduates studying in Britain are overseas students. The figure for agriculture and forestry is 56 per cent and for medicine 44 per cent, and the latter figure would be much higher if there were more facilities.

A further breakdown by individual subject reveals that 70 per cent out of a total of 885 students on university-taught postgraduate economics courses are from overseas. As for research courses in electrical engineering, overseas students account for 54 per cent out of a total of 965.

There are also some interesting figures about country of origin. It is unlikely that anyone unacquainted with the subject could make an accurate guess about where the majority of overseas students comes from. Malaysia and Iran account for over one quarter of the total between them. Along with Nigeria, Hong Kong, the U.S., Greece and Sri Lanka, they account for half. India, which used to be near the top of the list, is now down to 15th place. No Common Market country figures in the top 20.

COUNTRIES WITH MORE THAN 1,000 PUBLIC SECTOR STUDENTS IN THE UK

1969-70			1977-78		
1	U.S.	2,360	1	Malaysia	12,856
2	Malaysia	1,713	2	Iran	10,079
3	India	1,668	3	Nigeria	6,251
4	Pakistan	1,577	4	Hong Kong	4,585
5	Nigeria	1,473	5	U.S.	3,415
6	Kenya	1,275	6	Greece	3,225
7	Cyprus	1,179	7	Sri Lanka	2,353
8	Sri Lanka	1,153	8	Iraq	2,163
9	Iran	1,074	9	Singapore	1,718

Source: Committee of Vice-Chancellors and Principals.

Lest it be thought that this is a peculiarly British issue, it should be said that other developed countries have been experiencing a similar explosion in their overseas student population. A table compiled by Unesco for 1976 put the U.S. first with 203,000 overseas students, France second with with 96,000, Britain third with 56,000, followed by West Germany (54,000) and Canada (52,000).

Yet it is precisely because this is an international phenomenon that you would expect the Government to seek to develop a coherent policy.

For example, given the decline in the home student population, does Britain want its universities and polytechnics to become increasingly a centre for students from overseas? Is it not alarming that so many overseas students—and so few British — should apparently regard British courses in engineering and technology as worthwhile?

Again, one wonders whether the overseas students are coming from the right places. Certainly there appears to be no correlation between the countries most heavily represented and the level of their bilateral trade with Britain.

It is right that there should have been an argument about fees because clearly many of the parents of the overseas students can afford to pay the full cost, and more. But there is a distinction to be drawn between selling education to the highest bidder and providing scholarships or grants to the able poor. In the past, there used to be a strong element of foreign aid in the idea of educating overseas students at British universities, even if the money came from the Department of Education and not from the Ministry of Overseas Development. There is also in the British case a certain moral obligation. Britain built no university in Cyprus, for example, before independence on the grounds that the Cypriots could come here. Now even the Cypriots are not exempt from paying full costs.

It is possible that a system could be devised whereby some overseas students could come at the market price, whereas others could be subsidised. There might also be quotas for particular countries. Not least, there might be a degree of international consultation about future student exchanges. Perhaps more British students could go abroad—to Europe as well as to the Third World—and more Europeans could come here.

At the moment, however, nobody seems very clear what is happening. The Department of Education is insisting that if overseas students are to be subsidised, it is largely a matter for the Foreign Office and the foreign aid programme. The Foreign Office says that it has no money. The University Vice-Chancellors argued when the full cost scheme was announced that the numbers of overseas students would fall off so much because of their inability to pay that some university courses would have to be abandoned altogether. Now it looks as if the numbers will hold up, though some institutions are still not introducing full costs and there is no provision either for enforcement or for indexation.

It seems to me that the ability to provide higher education for overseas students is a national asset, however intangible. If we do not use it, other countries will take advantage. As an American Ambassador put it, there is a matter of the saxophones being at least as energetic as the francophones. Yet we have no policy because the various departments concerned have not got together to work out a long-term approach. That is what is wrong with short-term cuts taken as a line of least resistance during a budgetary crisis.

Malcolm Rutherford

Letters to the Editor

Civil Servants' pay

From Mr. L. Brookes

Sir,—Your self contradictory leader of October 28 compares badly with the lucid commentary by Philip Bassett on page 12 of the same issue.

The best way to avoid "inflationary explosions" when some inevitable catching up has to occur after a civil service pay freeze is to see that the Civil Service does not fall behind in the first place. The reports of the pay research unit are an aid—and only an aid—to that end. They provide the facts on which pay increases are negotiated. The staging of increases for the lower and middle grades—with the increases being delayed by up to a year —and the arbitrary cut by half of the increase actually negotiated for senior grades on the last round is clear evidence that PRU reports do not determine pay.

It follows that what the Government has decided to do is suppress the facts. If the facts had turned out badly for civil servants—as they did for senior scientists on the last round despite the Civil Service Commission report suggesting that market forces considerations pointed in the other direction—then we can be quite sure the Government would have welcomed them and given them maximum publicity.

The unpalatable facts are not only about what civil service pay ought to be. As Philip Bassett points out, the reports show that increases in the private sector have not been at the sacrificial levels that you claim in your leader. A further example of the failure of the Government's policy of monetary squeeze.

I have never seen Lord Soames looking unhappier than he looked on October 27 trying to explain that reports designed to see that civil servants do not get out of line must be suppressed in order to keep them in line.

L. G. Brookes,
16 Ipswich Road,
Bournemouth.

Valuation and valuers

From Mr. G. Schwartz.

Sir, — Is valuation of any value? One could assume that every one of your readers had some possession "professionally valued," for sale or insurance purposes.

About 20 years ago I had, at the request of my insurance company, a piece of jewellery valued by a Bond Street jeweller named by the company. Over the years I dutifully paid the premium, which in recent years was unilaterally inflation-linked and consequently increased annually. Circumstances now force me to sell this item, and when I offered it to the same jeweller he offered me only two-thirds of the 1960 value he had determined! This implies that I had to pay an inflated premium during all these years and also that the insurance company would have to pay an unrealistic amount in the case of a loss.

The only winner is the valuer, who received his fee which is a percentage of the value he has determined; an incentive to make as high as possible. The only way to rectify this very unsatisfactory situation, is for the valuer to get a fee for work done on items regardless of value.

Those who follow the saleroom reports in your paper will know that even experienced auctioneers can be very wrong with their estimates. I suggest that insurance companies should act to alter this situation, which will save them a lot of money.

G. Schwartz.
Basingview, Basingstoke.

A classic Catch-22

From Mr. H. Shutt.

Sir, — Samuel Brittan is perfectly correct in his assertion (Lombard, October 20) that the Government's failure to issue index-linked debt — other than to elderly small savers — weakens the credibility of its anti-inflationary commitment. Yet, as he appears to suspect himself, there is every reason to doubt whether private-sector borrowers will be any more anxious to insure against changes in the inflation rate than is the Government itself.

For if, as Mr. Brittan agrees with the Wilson committee, "the main deterrent to investment is the low real rate of return," and if much of the recent increase in private borrowing is involuntary (ie, to fund operating deficits) it is hard to see why borrowers should be keen — irrespective of the tax considerations — to offer potential lenders a higher (or any) real rate of return if at present they are able to get away from giving them a low (or negative) one.

It is true that indexed debt would prove less costly in terms of interest charges in the event of a decline in the general level of inflation and interest rates. Yet that possibility is precisely what alarms many debtor organisations, since any lasting curtailment of inflation would tend to slow down or halt the erosion in the real value of their total debt — as distinct from their interest liabilities — and thus undermine their balance-sheets.

Indeed it is apparent that, so far from wishing to stop inflation, the vast majority of governments, industrial companies and financial institutions now have a vested interest in sustaining it, since only the resulting devalution of their debts will enable them to escape bankruptcy in the short to medium term. In the longer term it may be hoped that a revival of sustained real economic growth will make it possible to restore the real rate of return on capital. Meanwhile inflation represents thet only mechanism by which a world-wide financial crash on a scale far exceeding that of 1929-31 can be averted.

On the other hand, if it is true — to quote Samuel Brittan again ("Falling Inflation Has Many Foes," October 9) — "It has been rising world inflation which has brought about recession," then we are in a classic Catch-22 dilemma, since, in effect, the only means of preventing the disease (recession) from becoming fatal is to sustain its underlying cause (inflation) and thereby rule out the possibility of a cure.

H. D. Shutt.
The Grange, Hillside,
Horsham, West Sussex.

Cocoon against retirement

From Mr. R. Mountjoy

Sir,—I should like to make two points concerning Eric Short's article "A cocoon against retirement" (October 22).

When considering the "Inland Revenue's very relaxed interpretation of pensionable salary" it is important to appreciate that it will not normally allow benefits in kind to be taken into account as pensionable salary unless those benefits are assessed to income tax under Schedule E (and even then they will normally be regarded as fluctuating emoluments to be averaged over three years). I do not feel that this was made sufficiently clear in the article.

No mention was made of the effect on the finances of the pension scheme if amounts not previously regarded as pensionable salary are belatedly taken into account. Where such a change is made in the latter part of the employee's working life, it is unlikely that the extra contributions will cover the cost of the additional benefits. This aspect of the problem from the viewpoint of the trustees of the pension scheme was not mentioned and perhaps it is the reason why "others were more wary."

R. W. Mountjoy.
20 Irwin Drive,
Horsham, Sussex.

The banks and money

From Miss C. Macdonald

Sir,—In response to L. A. Jackson (October 22), I agree with him that the velocity of circulation of money can be an inflationary factor; I disagree with him when he says that it would be outside the control of a monetary commission. It would be the task of the commission periodically to correct any such inflationary effects by reducing the volume of monetary issue so as to maintain a stable price index.

I have no quarrel with his example of an inter-bank transaction in the sterling market—but inter-bank transfers, whether domestic or international, are totally irrelevant to the question of monetary issue. He has obviously failed to recognise the fact that the sterling itself came into existence as a bank creation.

Quite simply, money cannot originate anywhere outside the banking system and banks never issue new money except as a debt at interest (lent to Government, industry or individuals) which is a charge on the productive life of the community.

The false idea is encouraged by banks that borrowing at interest can raise the standard of living. In fact, this will inevitably hasten the approach of a great crisis and financial collapse when huge numbers of wage and salary earners will find themselves unable to meet their obligations, having borrowed much from banks and bank-owned hire purchase firms.

There is no reason why the financial expertise of the banks should not be fully utilised, allowing them to play an active and useful role under a new dispensation. If the function of monetary issue is returned to the State and the bankers are deprived of the profits of issue and the interest they now collect on all the means of exchange in circulation, they can still perform the very necessary functions of private agents of the central bank or office of issue. They can also act as agents to those who have savings they wish to invest, and reinvest as the repayments come in. Bankers can still render technical services such as managing current accounts, which will be true deposits of money earned and possessed, not borrowed, handling cash transfers, cheques, bills of lading and bills of exchange etc., all for a reasonable fee. They will be able to lend such moneys as they accumulate out of profits and earn interest on them.

In fairness, it must be said that bankers are in a sense prisoners of their own inherited system with its inbuilt inflation factor—that is, that the community can never pay back loans (created) plus interest (not created) without recourse to more borrowing, ad infinitum. If on the other hand all bank loans were to be repaid and no new ones issued, there would remain almost no money in circulation! In short, no lending—no money and all business ceases. Surely it would be a kindness to rescue them from their predicament!

As things stand, however, the supply of borrowers is guaranteed; in addition to inflation, a huge income-tax and company tax also assure that the community will be ready to borrow, while an astronomical National Debt (interest £1m per hour of every day in the year) makes certain that the State also will remain a faithful customer of the usurers.

This is the situation which must be remedied by the provision of an adequate State-issued debt-free money supply which will make credit no longer the ruling power of all our business activity.

Clare Macdonald.
70 Courtland Avenue,
Cranbrook,
Ilford, Essex.

Islington's problems

From Mr. J. Marshall MEP

Sir,—As Islington is within my Euro constituency I was naturally interested in your article (October 28). I should like to say that in my view it was lacking in the balance one normally associates with the FT.

Islington's problems are not so much the result of the last housing investment programme's allocation but rather of "vaulting ambition which doth o'erreach itself." The Council acquired many properties from the private sector in the hope that it would at some stage modernise them. If ordinary individuals had been allowed to do this work they would have done so more speedily and certainly more cheaply. Your correspondent should have analysed the cost of Islington's policy and compared it with what an individual would spend. He should also have pointed out that there have been substantial delays in improving purchased property—delays which preceded the last housing investment programme allocation.

The irresponsibility of heavy spending has been underlined by a recent official report. This indicated that high rates were deterring industry. Industry and commerce are mobile and are not willing to pay excessive rates. If the Commisars of the Left gain increasing influence then there is a real risk of many more firms becoming refugees from socialism. No one can relish such a situation. It is up to Islington to review its policies.

John L. Marshall
2, Birkdale Road, W5.

Today's Events

GENERAL

UK: Ford Motor pay negotiations start.

Mr. George Younger, Secretary for Scotland, speaks at Scottish Council (Development and Industry) Forum, Aviemore.

Mr. K. G. Addison, president of the Chartered Insurance Institute, addresses Chartered Institute of Loss Adjusters annual dinner, Royal Lancaster Hotel, London.

Sir Peter Gadsden, Lord Mayor of London, presides at Mansion House Justice Room, 10.30 am.

Second and last day of Health Visitors Conference, Royal Hall, Harrogate.

Prince Charles presents award to "Girl Technician of the Year," Polytechnic of South Bank, London Road, SE1.

Overseas: Second and last day of Financial Times conference "Australia—Attractions for Future Investment, Melbourne."

PARLIAMENTARY BUSINESS

House of Commons: Resumed debate on the Motion on References in Court to Official Report of Debates and Reports of Committees. Followed by a Motion relating to Recommendation 47 of the First Report from the Select Committee on Procedure, Sessions 1977-78 on the publication of Reports of Evidence of Select Committees.

House of Lords: Civil Aviation Bill, third reading. Highways (Road Humps) Bill, third reading.

COMPANY RESULTS

Final dividends: Audio Fidelity. Herman Smith. Linread. Wood Hall Trust. Interim dividends: H. Goldman Group. B. and I. Nathan. Wettern Brothers. Interim figures: Marlborough Property Holdings.

COMPANY MEETINGS

Amalgamated Estates, 42 Portman Square, W., 12. GT Japan Investment Trust, Park House, 16 Finsbury Circus, EC, 12. Christopher Moran, Savoy Hotel, Strand, WC, 12.15. Raglan Property Trust, Great Eastern Hotel, Liverpool Street, EC, 11. Whitworth Electric, Great Western Royal Hotel, Paddington, W. 3. Yorkgreen Investment, The Stock Exchange, EC, 4.

CITY OF LONDON LUNCHTIME MUSIC

Guildhall School of Music and Drama, Barbican, EC2. Connie Payton, soprano, and Hilary Caine, piano, 1.10 pm.

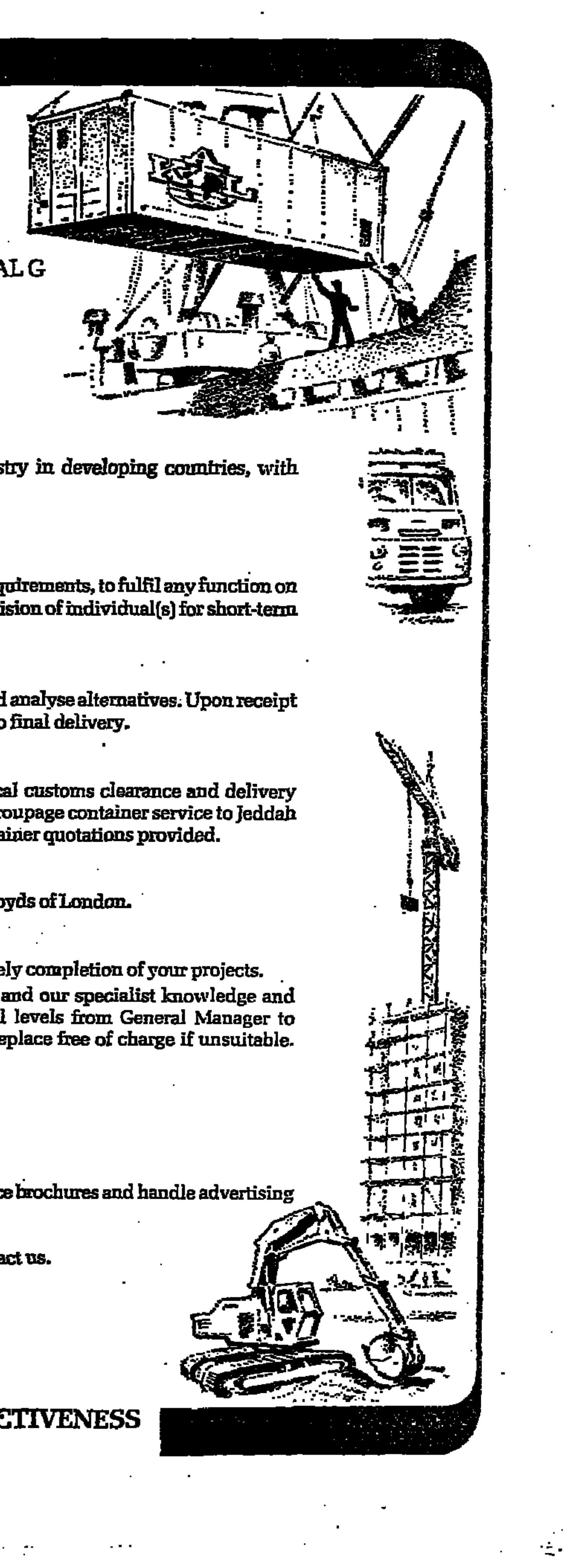
Singers' Workshop, St. Mary Woolnoth, Lombard Street, EC3, 1.10 pm.

SPORT

Boxing: World Lightweight Title Fight, Glasgow, between Jim Watt and Sean O'Grady (show starts at midnight).

Tennis: Wightman Cup, Great Britain v U.S., Royal Albert Hall, 7.30 pm.

Billiards: World Professional Championship, Rugby.



INDEX TO COMPANY HIGHLIGHTS

Coats Patons margins fall

TRADING conditions for the Coats Patons textile and garments group, particularly in the UK, were difficult in the first six months of 1980 and there is currently little sign of *improvement*, the directors say.

Turnover for the half year to June 30, was marginally higher at £345.5m against £336.05m but pre-tax profits were down from £31.05m to £26.68m. Stated earnings per share are 4.8p against 6.1p.

The interim dividend is being maintained at 1.4p per share—in 1979, a total of 4p was paid from pre-tax profits of £63.53m.

Exchange movements reduced trading profits by £7.3m or 22 per cent, but better trading results in North America and some European countries confined the drop to £2.4m or 7 per cent. The movement in the sterling exchange rate will be the main factor determining the results for the current year.

World sales volume was virtually unchanged and price increases more than offset the adverse effect on sales value of the strengthening of sterling. Unfortunately, the price increases were insufficient to cover increased costs and trading margins fell to 8.7 per cent against 9.7 per cent last year.

Because of improved profits in high tax countries and a provision for clawback of stock relief which may not be necessary, the rate of tax has risen from 38 per cent to 42 per cent and consequently profits earned for ordinary holders was £12.3m against £16.3m, a reduction of 24 per cent.

The directors are continuing the policy of rationalisation and disposal of surplus assets and taken together with a more efficient use of working capital, it is expected that the net borrowing position at the year-end will be similar to that at December last year.

	First Half 1980 £000s	1979 £000s
Turnover	345,512	336,049
Depreciation	7,265	6,615
Trading profit	30,188	32,610
Interest and other charges	6,575	4,403
Invest. & other income	1,673	1,826
Profit before tax	26,678	31,045
Tax	11,178	11,773
Net profit	16,500	19,272
Investment grants	164	175
Minorities	2,225	2,509
Extraordin. losses	1,085	663
Pref. dividends	24	24
Earned for ordinary	12,330	16,251
Ord. dividends	3,874	4,164
Retained	8,456	12,087

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Mr. W. R. Henry, chairman of Coats Patons . . . the policy of rationalisation and disposal of surplus assets is still continuing as well as the more efficient use of working capital.

J. Hepworth drops £0.88m after sharp interest rise

IN THE second six months ended August 31, 1980, pre-tax profits of J. Hepworth and Son, multiple tailors, fell further behind leaving the full-year figure £0.88m lower at £5.7m, on increased turnover, excluding VAT, of £61.92m, against £51.33m. The result was struck after a near £1m jump in

Mid-year taxable profits had dropped from £3.75m to £3.51m and the second-half result reflects a worsening of trading conditions which remain difficult.

On May 3, the group acquired W. and E. Turner whose sales and profits, of £5.25m and £0.38m respectively, have been consolidated from that date and are included in the year's figures.

Tax charge for the year was up from £1.94m to £2.86m resulting from the absence of stock extraordinary credits of £48,000 (£518,000), attributable profits declined from £5.16m to £2.9m.

Earnings per 10p share, excluding extraordinary items, were down from 11.58p to 6.66p, but the dividend total is held at 3.79p net with a final of 3p. Payments absorb £1.69m (£1.62m).

Extraordinary items include profits on property sales during the year totalling £1.35m, against 1979 revaluations, less a provision of £1.13m made in respect of factory closure costs. Both amounts are after tax.

Properties have been revalued in accordance with the company's "rolling" revaluation policy and the surplus of £6.8m over the 1979 valuation has been taken directly to reserves.

Goodwill on the acquisition of W. and E. Turner has also been taken directly to reserves.

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Wm. Press falls to £3.2m at mid-year but holds dividend

DESPITE AN £8m rise in turnover to £122m in the first half of 1980, taxable profits of mechanical engineering contractor Wiliam Press and Son fell back from £4.73m to £3.21m.

However, the directors say prospects of the group are encouraging as a result of the recently widely-reported promise of increased activity in energy and related industries in which the group is well placed to participate.

They say that orders of £40m announced at the AGM and recent contracts awarded are continuing to keep the group's *turnover up to the previous* year's levels, although some sections are suffering from a lower workload due to declining industrial activity and the strength of sterling.

In common with many other concerns, the group is discontinuing certain of its activities and reorganising other parts of its business due to the recession.

This action is estimated to have cost £2.2m after tax. The sum will be treated as an extraordinary item in the annual accounts. At mid-year £281,000 had been incurred which was not a charge in arriving at the above figure, the directors state.

They are maintaining the interim dividend at 0.6p net—last *year a total of 1.2p* was paid from taxable profits £6.63m (£12.31m).

The profit for the six months was struck after including a £387,000 surplus which arose from the cancellation during the period of part of loan stocks.

Tax took £1.34m (£1.18m) leaving stated earnings per 5p share of 1.51p, compared with 2.84p.

Attributable profit dropped from £3.4m to £1.82m after minorities of £52,000 (£148,000).

The directors state that the position with regard to the alleged tax offences, claims and ancillary costs remains the same as reported in the accounts for the year ended December 31, 1979.

● comment

After William Press' severe second half shortfall in 1979, the market has been under no illusions as to the difficulties in securing an adequate short term workload at anything resembling acceptable margins. The group's response to the dearth of such orders, which manifested itself so suddenly last year, has been to rationalise its mainstream contracting *activities*, particularly in the south, at an estimated net below the line cost of £2.2m. Longer term, the order book is much healthier and the group is expecting a significant rise in energy-related contracts in the second half next year. Losses at Metal and Pipeline and Worley are now said to be under control and the level of first half profits may be repeated where the prospective p/e is 11.9 at 30½p, up 1½p yesterday. The historic yield is just 5.7 per cent. That may, in part, be defended by strong cash balances and the recovery possibilities implicit in the group's traditionally high exposure to the energy industries. In the background, of course, Newarthill has just added to its trade investment and that may be counted as a speculative prop.

Hopkinsons loss in first six months

LOSSES of £94,000 are reported by Hopkinsons Holdings, valves and boiler mountings maker, for the half year to August 1, 1980, compared with profits of £789,000 in the same period last year. However, the directors are maintaining the interim dividend at 1.5p per share.

They explain that an industrial dispute at Hopkinsons Limited resulted in that company working for only one third of the available time

Other major operating units performed creditably. Order books remain generally satisfactory but short-term orders are scarce.

Turnover for the first half amounted to £18.96m compared with £21.16m.

No tax is payable this time against £412,000 in the first half last year.

● comment

The interim figures from Hopkinsons Holdings are heavily depressed by the loss of 15 weeks' production at Hopkinsons Ltd where there was an industrial dispute. The subsidiary companies, Blakeborough and Bryan Donkin, must have performed very creditably to cancel the resulting shift into a loss of over £1m. Despite a lack of demand for standard valves, produced in all three factories on relatively short order-cycles, orders for more sophisticated products are satisfactory. It is for that reason that the interim dividend has been maintained. Since last year's results were held down by the writing off obsolete stock, these figures may be even more gloomy than they look. The trend to deepening current cost losses is still there when the effects of disruption are left out. The shares moved down 1p to 55p, on which the market capitalisation is £6.2m, only a *quarter of the book assets last* February. If the final dividend is also held, the shares yield nearly 15 per cent.

Boosey and Hawkes maintains interim despite profits dive

TAXABLE PROFITS of Boosey and Hawkes tumbled from £391,000 to £60,000 for the first *half of 1980, but the group,* whose interests are in music publishing, musical instrument making and general engineering, is holding its interim dividend at 1.9p net per 25p share.

Trading profits fell from £451,000 to £312,000, but the directors say these are improving in the second six months and, at present, seem likely to continue to do so next year.

In the last full year, profits, before tax, dropped to £613,000 (£1.16m), from which dividends totalling 5.667p were paid.

Tax for hte first half took £35,000 (£120,000) and after extraordinary debits up from £78,000 to £190,000 and minorities, there was a turnround from attributable profits of £189,000 to losses of £162,000. The interim *dividend again absorbs £81,000.*

Extraordinary items comprised exchange losses of £75,000 (£78,000) and terminal costs of £115,000 this time.

Difficult trading, especially in musical instruments, and costs *incurred in the course of up*grading manufacturing operations and terminating certain others, contributed to the loss, the directors state.

Other factors were a poor performance in the U.S. and high interest charges.

Turnover for the period increased by over £1m to £9.15m. The pre-tax result was struck after a sharp rise in interest payable, less interest and dividends receivable, to £252,000 (£60,000).

In May, the directors reported that the group's strengths had continued unimpaired in the first quarter of the year.

● comment

The lack of segmented information makes Boosey and Hawkes' *interim statement rather opaque.* The two things emerging most clearly are that it has been a very poor first half, and that new chief executive Michael Boxford is chopping away at dead wood. The losses of the now-closed organ business are a mystery. Pop music, when last sighted in 1978, was losing £100,000 annually. It would be most particularly useful to know how much profits the copyrights valued in the last balance sheet at £1 produce, compared to the other £8.2m of capital employed. The bottom of Boosey's cycle has been predicted before. This time round, optimism may be stimulated by the board's decision to maintain the dividend, and the cautiously bullish statement. The shares nonetheless slipped 2p to close at 120p, yielding almost 7 per cent on the last 12 months' payments. The price probably owes more to asset backing than trading performance. With properties at a 1977 valuation, net assets per *share are around £3.* A revaluation is scheduled for December this year. And then, of course, there are those copyrights.

M & G Reinsurance cash boost

Mercantile and General Reinsurance Company, the reinsurance company owned by *Prudential Holdings, is to inject* a further U.S.$10m into its U.S. subsidiary, Mercantile and General Reinsurance Company of America, bringing the total capital to about U.S.$22.5m.

Mr. Rick Gilmore, president of M and G America, said that the new *capital* contribution was evidence of the parent company's faith in the long-term prospects of the U.S. brokerage reinsurance market. But it had not been made in anticipation of any large increases in premium volume over the short term.

M and G had a premium income of £221m in 1979 of which the U.S. contributed 9.4 per cent. Total funds at the end of last year amounted to £431m.

Guinness Peat rules on nominees

AN extraordinary general meeting of the Guinness Peat group yesterday approved a motion giving the board absolute discretion to disenfranchise shareholders who fail to supply information required of them under Section 27 of the Companies Act 1976.

The section provides for companies to discover the beneficiaries of shareholdings built up under nominee names.

The extraordinary meeting also approved a new share option scheme for group employees, and a raising of the ceiling on total directors' remuneration from £15,000 to £40,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Trust	3.7	Dec. 20	3.1	5.7	4.45
Armour Trust	0.13	—	0.1	0.13	0.1
Bambers Stores ...int.	0.66	Dec. 20	0.57*	—	1.33*
Boosey & Hawkes ...int.	1.9	Dec. 12	1.9	—	5.65
Border Breweries ...int.	1.3	Jan. 5	1.2	—	4.5
Can. & Foreign Inv. int.	1.95	Dec. 8	1.75	—	5.1
Coats Patons ...int.	1.4	Dec. 31	1.4	—	4
J. Hepworth	3	—	3	3.79	3.79
Hopkinsons ...int.	1.5	Dec. 12	1.5	—	5.65
Lunuva (Ceylon) ...int.	6	Dec. 12	5	—	17
William Press ...int.	0.6	Dec. 29	0.6	—	1.2
S. Simpson	2.95	—	2.95	4.26	4.26
Weeks Associates ...int.	nil	—	0.7	—	1.61
W. Bromwich Spring int.	nil	—	0.29	—	1.3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Berec chief reaffirms forecast

MR. COLIN STAPLETON, chairman of Berec, the Ever Ready battery company, told a group of institutions on Tuesday that full year profits were expected to be "broadly similar to those for last year." He made the same forecast when the interim figures were published last week.

He noted, however, that while *current cost accounting was still* in its infancy a "CCA loss would have to be taken into account for future dividend policy."

Following the meeting, Berec's share price began to move down. At one stage yesterday it had dropped 6p to 82½p but it closed only 4p down at 86½p.

W. Bromwich spring interim omitted

A fall in pre-tax profits from £275,000 to £220,000 is reported by West Bromwich Spring Co., for the half year to June 30, 1980 on turnover of £2.18m against £2.07m.

No interim dividend is being declared—last year, an interim of 0.39p was followed by a 1.01p final when pre-tax profits were £491,000.

Tax charge in the first half is £114,000 (£143,000).

SPAIN

October 30	Price %	+ or −
Banco Bilbao	252	
Banco Central	281	
Banco Exterior	221	
Banco Hispano	241	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	139	+3
Banco Vizcaya	280	−1
Banco Zaragoza	220	
Dragados	109	
Espanola Zinc	62	
Fecsa	63.7	−0.3
Gal. Preciados	31.2	−0.8
Hidrola	68	−0.2
Iberduero	65	
Petroleos	114	−2
Petroliber	95	
Sogefisa	102	
Telefonica	61.5	
Union Elect.	68.7	−0.3

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
89	39	Airsprung	41	+1	[illegible]	[illegible]	[illegible]
50	21	Armitage and Rhodes	24	—	[illegible]	[illegible]	[illegible]
177	92	Bardon Hill	178	—	[illegible]	[illegible]	[illegible]
100	69	County Cars 10.7% Pf.	69	—	[illegible]	[illegible]	[illegible]
101	63	Deborah Ord.	95	—	[illegible]	[illegible]	[illegible]
126	88	Frank Horsell	117	—	[illegible]	[illegible]	[illegible]
129	68	Frederick Parker	65	—	[illegible]	[illegible]	[illegible]
156	76	George Blair	79	—	[illegible]	[illegible]	[illegible]
82	40	Jackson Group	45	—	[illegible]	[illegible]	[illegible]
153	103	James Burrough	103	—	[illegible]	[illegible]	[illegible]
310	242	Robert Jenkins	130	—	[illegible]	[illegible]	[illegible]
232	175	Torday	219	—	[illegible]	[illegible]	[illegible]
15	10	Twinlock Ord.	12	—	[illegible]	[illegible]	[illegible]
90	70	Twinlock 15% ULS	82	—	[illegible]	[illegible]	[illegible]
56	23	Unilock Holdings	39	—	[illegible]	[illegible]	[illegible]
101	42	Walter Alexander	69	—	[illegible]	[illegible]	[illegible]
248	136	W. S. Yeates	240	—	[illegible]	[illegible]	[illegible]

† Accounts not prepared under provisions of SSAP 15.

Glaxo aiming to expand important U.S. market

SIR AUSTIN BIDE, chairman of Glaxo Holdings, tells shareholders that the group's U.S. business—Glaxo Inc.—has been building its organisation to handle group products in this new and very important market.

Steps have been taken, particularly in the medical development and marketing division to move forward on the registration of Glaxo products and their introduction to the market as fast as possible.

At present, the group is spending more than it can earn and this stage will last for a further year or more. But the expense and effort will undoubtedly prove to be a sound investment and in due course will change the dimensions of the group, Sir Austin says.

On manufacture in the UK and overseas, the chairman says it has been possible to hold the increase in UK manufacturing costs below that of UK inflation. This is due to improved productivity and also the technical benefits of the continuing investment programme.

On the energy front, the chairman says Glaxo Operations UK Limited has been among the first to treat energy conservation as a strategic issue. The company's energy conservation programme is designed to make an initial 5 per cent saving in the energy bill throughout all its sites. Further savings will be made as the programme evolves.

At Montrose, a major group fine chemicals centre, a new £1m laboratory for process investigation and development work has been opened and a £2m facility to manufacture development quantities of ranitidine is shortly to be commissioned.

Overseas an important new development is the plan to construct a factory in Singapore for the production of basic drugs. The initial work is now complete and construction has started on a recently acquired site.

In Europe the new facilities at Verona for manufacturing and packing sterile antibiotic formulations have been completed satisfactory. The Spanish factory at Aranda de Duero is now on-stream as planned.

As known, group pre-tax profits for the year ended June 30, 1980, amounted to £66.09m against £72.27m on turnover of £618.14m (£539.06m). CCA profits are reduced to £32.04m after adjustments for depreciation, £14.7m, cost of sales, £21.35m and gearing, £1.9m.

The accounts also show capital commitments contracted for but not provided of £19.13m (£14.5m) and authorised but not contracted of £40.28m (£31.98m).

Shareholders' funds at the year-end were £535.24m (£515.46m) with loans and overdrafts at £40.03m (£42.4m), loan capital £44.04m (£44.3m), short-term deposits, £13.57m (£10.26m) and cash £15.84m (£15.63m).

Lex Back Page

Weeks Associates in the red and interim omitted

WITH ALL its UK companies having been affected by the steepening decline in demand, Weeks Associates, maker of trailers, industrial and agricultural equipment, incurred a pre-tax loss of £115,846 for the 28 weeks to August 10, 1980, compared with profits of £29,623 last time. No interim dividend is being paid—last year an interim of 0.7p net was followed by a final of 0.906p per 10p share, from £41,534 profits.

Turnover for the first 28 weeks rose slightly from £5.85m to £6.12m, although sales in the manufacturing subsidiaries were over 20 per cent down on the same period last year. The loss was struck after nearly doubled interest charges of £323,104 (£162,276).

The directors say that although timely and vigorous action was taken to cut back operations to meet changing conditions, the results have to be seen against that background.

There are few encouraging signs in the UK economy and, without a substantial reduction in interest rates, no improvement can be expected, they add. In the face of this bleak outlook, the company's priority will be to conserve cash resources and intensify its selling operations at home and overseas.

Again no tax is payable for the interim period and after an extraordinary charge of £30,098 this time, relating to the starting up costs for Hunton Singapore Pte., there was an attributable deficit of £145,946 (£29,623 profit).

Exports of agricultural equipment were increased by 6 per cent, a direct consequence of the efforts made to develop overseas sales.

RAP benefited from its new branches and was able to improve turnover over the previous year.

At Huntons, lack of sales, combined with the need to prolong costly sub-contract arrangements because of delays in achieving efficient levels of agricultural axle production, resulted in losses of £100,387 of which £35,000 are non-recurring. Reduction in ... overhead expenses continued and losses have now been contained.

Results of Hunton Singapore are included for the first time; its trading losses amounted to £68,112. Since July, production and sales have been steadily increasing and second-half results will reflect the higher level of activity.

● **comment**

Weeks Associates is in poor shape. The company appears to have picked an unfortunate time to reorganise its business and diversify from its traditional agricultural lines. Borrowings are up to £3.5m from £2.9m at year end and this is causing prohibitive interest charges. Capital gearing has risen to nearly 130 per cent and Weeks is placing top priority on conserving cash. But this goal is being confounded by difficult trading. The two Hunton subsidiaries (UK and Singapore) accounted for the bulk of the first-half loss with a combined deficit of £166,000. They will probably continue in loss in the second half and the current year outlook suggests a total loss of at least £150,000. There is really no recovery in sight until the latter part of next year when the Singapore operation gets going and RAP helps out more. Meanwhile, the recent profit record is dismal, the balance sheet looks weak and shareholders should not hold their breath for much of a dividend this year. With a net asset value per share of around 26p against yesterday's flattened share price of 9p, Weeks could be in a vulnerable spot.

£0.5m downturn at S. Simpson but final payment maintained

IN THE 53 weeks to July 31, 1980, pre-tax profits of S. Simpson, the London tailor and clothier, fell from £1[illegible]m to £1.04m. Group turnover rose from £22.05m to £22.35m.

After dropping from £922,000 to £506,000 pre-tax in the first half, there was a slight recovery in the second, but at £535,000 the figure was below the £618,000 of the corresponding period last year.

In his interim statement, the chairman said strong sterling continued to influence exports, competitive imports and profit margins, which were also narrowed by inflationary general costs and higher interest rates. A major reduction in overseas visitors and an increase in VAT also depressed retail trade.

The final dividend is unchanged at 2.95p for a same-again total of 4.2625p.

After tax down from £723,000 to £543,000, stated earnings per 25p share are lower at 10.01p (11.27p).

Extraordinary items of £67,000 (nil) represent re-organisation and associated redundancy costs.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brent Walker, R. H. Cole, Davies and Newman, English and International Trust, Grovebell, B. and I. Nathan, Platignum, Western Brothers.

Finals—Audio Fidelity, Burndene Investments, Harman Smith, Linread, Rand Mines Properties, Wood Hall Trust.

FUTURE DATES

Interims—	
Dundonian	Nov. 3
Folkes (John) Hefo	Nov. 19
French Kier	Nov. 27
Headlam Sims and Coggins	Nov. 6
Millets Leisure	Nov. 6
Polymark International	Nov. 4
Sainsbury (J.)	Nov. 5
Finals—	
British Sugar	Nov. 13
Concentric	Nov. 24
Majedie Investments	Nov. 3
Scottish National Trust	Nov. 11

Jenners incurs £30,000 loss in first six months

DESPITE a marginal increase in turnover from £3.54m to £3.98m, excluding VAT, department store operator Jenners, Princes Street, Edinburgh, incurred a pre-tax loss of £30,000 in the half year to July 31, 1980, compared with a profit of £109,000.

However, the directors state that while it is not easy to predict the outcome for the year as a whole, provided the increase in sales can be maintained they believe the final results may not be too disappointing in all the circumstances.

Commenting on the first-half results they say trading profits were seriously affected by the general downturn in consumer demand, tighter margins and substantially increased costs—including in particular, greatly increased local government rates.

Tax for the six months took £33,000 (£31,000) and there were extraordinary credits of £222,000 (£200,000). Attributable profit showed a drop from £278,000 to £159,000.

The interim dividend of this unlisted company is being maintained at 3p net.

Loss for Corning at halftime

HIGH fuel costs, strong overseas competition and the strength of sterling in certain export markets resulted in glass manufacturer Corning incurring a pre-tax loss in the 28 weeks to June 15, 1980, of £476,000 despite sales advancing from £21.72m to £33.19m.

In the comparable period last year the company, a subsidiary of Corning Glass Works USA, made taxable profits of £332,000 although by the year-end losses of £1.5m (£3.9m profits) were reported.

Trading profit for the 28 weeks showed a rise to £1.5m (£456,000) but losses on exchange and translation amounted to £458,000 (£43,000) and interest payable rose from £976,000 to £1.51m.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	390	114	—	124	18	—	—	484p
BP	420	86	32	108	8	116	—	
BP	460	56	4	70	—	92	—	
BP	500	36	37	52	—	72	—	
Com. Union	140	34	1	40	—	45	—	166p
Com. Union	160	19	—	26	2	33	—	
Com. Union	180	9	8	17	—	22	—	
Cons. Gold	500	187	5	205	—	—	—	661p
Cons. Gold	550	148	37	156	—	—	—	
Cons. Gold	600	110	24	133	20	155	—	
Cons. Gold	650	78	92	100	31	117	—	
Cons. Gold	700	48	111	70	10	—	—	
Courtaulds	50	20½	—	22	12	—	—	66p
Courtaulds	60	11½	72	15	—	18½	—	
Courtaulds	70	6½	—	9½	40	12	—	
GEC	550	55	1	90	—	110	—	570p
GEC	600	25	3	60	—	80	—	
Grand Met.	120	54	—	—	—	—	—	166p
Grand Met.	130	44	1	—	—	—	—	
Grand Met.	140	35	15	38	—	42	—	
Grand Met.	160	17	20	27	3	31½	20	
Grand Met.	180	8	—	14½	8	18½	—	
ICI	330	32	—	40	1	48	—	355p
Land Secs.	420	17	10	36	—	45	—	393p
Marks & Sp.	100	20½	4	27	—	30	—	116p
Marks & Sp.	110	15½	28	20	—	23	—	
Marks & Sp.	120	7	2	12½	—	17½	1	
Shell	460	50	21	64	—	75	—	474p
Shell	500	28	21	44	—	58	—	
Totals			312		146		21	
		November		February		May		
Imperial Gp.	70	7½	27	12½	—	16	—	76p
Imperial Gp.	80	1½	25	5½	3	9	—	
Lonrho	64	53	—	59	1	—	—	116p
Lonrho	80	33	10	39	1	—	—	
Lonrho	90	—	—	—	—	40	2	
Lonrho	99	23	—	29	20	—	—	
Lonrho	100	—	—	—	—	30	—	
Lonrho	104	13	71	21	15	—	—	
Lonrho	110	—	—	—	—	21	41	
Lonrho	114	5	35	12½	15	—	—	
Lonrho	120	2½	2	10	62	17	7	
P. & O.	120	8	—	15½	1	21½	—	126p
Racal Elec.	240	114	1	—	—	—	—	352p
Racal Elec.	260	94	3	109	—	—	—	
Racal Elec.	280	74	1	91	—	105	—	
Racal Elec.	300	54	1	74	—	89	—	
Racal Elec.	330	25	21	51	—	68	—	
Racal Elec.	360	9	20	34	18	51	—	
RTZ	414	65	2	90	—	110	—	480p
RTZ	464	35	2	60	25	82	1	
RTZ	494	9	35	35	10	58	—	
Totals			248		172		71	

Aberdeen Trust shows ahead at £3.3m

Pre-tax revenue of Aberdeen Trust increased from £2.53m to £3.3m in the year to September 30, 1980. At the halfway stage, pre-tax revenue had advanced from £1.08m to £1.49m.

The full year's tax charge was £1.1m against £852,000. Net asset value per 25p share is 154.5p compared with 134p. The final dividend is raised from 3.1p to 3.7p for a total of 5.7p (4.45p).

Solid progress at midway for Jackson Group

A substantial jump from £173,000 to £365,000 in pre-tax profits is reported by Jackson Group, the East Anglian construction and industrial services group, for the six months to June 30, 1980.

Commenting on these figures, Mr. F. Jackson, the chairman, says they are the best in the group's history, but he adds a caution that, to some extent, the contrast with the same period in 1979 is due to markedly more favourable weather conditions this year.

The progress is real, he adds, and the results for the full year are expected to prove satisfactory.

Group turnover was higher at £9.34m compared with £8.12m, and £14.6m for the last full year.

There is again no tax charge for the first half and no charge is anticipated for the current year because of investment in equipment and an increase in stocks and work in progress.

The interim dividend is raised from 1.49p to 2.1p—last year's total was 4.2p from pre-tax profits of £874,000. Stated earnings per 10p share are 14.3p against 6.7p.

Dividends absorb £18,000 (£12,000) and after minorities of £4,000 (£3,000) retained profits amount to £343,000 compared with £158,000.

Jackson Group shares are traded on the market made by M. J. H. Nightingale and Co.

Canadian and Foreign rises at mid-year

Taxable profits of Canadian and Foreign Investment Trust rose in the half year to September 30, 1980, from £295,000 to £372,000 and after tax of £143,000, against £107,000, earnings per 25p share are shown as 3.35p, compared with 2.74p.

The interim dividend is increased to 1.95p net (1.75p). Last year a total of 5.1p was paid from pre-tax profits of £626,000. Net asset value per share is given as 181.7p (163.9p).

A. Walker sees little change

While it would be very unwise to make a positive forecast for the current year, trading to date at Alfred Walker and Son would indicate results not dissimilar from those of 1979-80, Mr. R. A. L. Walker, the chairman, told the annual meeting.

For the year ended April 30, 1980, pre-tax profits of this building contractor and property developer climbed from £53,000 to £125,000, on lower turnover of £2.82m (£3.7m).

'Johnnies' looks to a new era of expansion

BY KENNETH MARSTON, MINING EDITOR

A WIND of change in South Africa and a new era of expansion for Johannesburg Consolidated Investment ("Johnnies") provide the theme of Sir Albert Robinson's last annual statement as chairman of the South African mining and industrial group.

Sir Albert, who has spent 15 years with the company, will remain on the board and he will be succeeded as chairman from next January by Mr. Gordon Waddell.

Sir Albert says that South Africa's potential and that of "Johnnies" will not be realised until the country enjoys political, social and industrial stability. He adds that the policies of the South African Prime Minister, Mr. P. W. Botha, "hmave unleashed forces of change and nothing can now preserve the old order or prevent the emergence of a new, non-racial South Africa."

Sir Albert Robinson . . . "Mr. Botha's policies have unleashed forces of change . . . nothing can now prevent the emergence of a new, non-racial South Africa."

Of "Johnnies" future, he points to the group's improved finances and anticipates "the development of new business as well as to the further expansion of our existing enterprises." He confirms that the group has a potential major new platinum-nickel-copper open-pit mine in prospect, but any go-ahead decision must await a close assessment of the future demand for platinum.

Looking to "Johnnies" new gold mining possibilities, Sir Albert says that a preliminary viability study has indicated a potential gold mines to the north-east of Randfontein Estates' Cooke section. "Johnnies" and Randfontein are the main interested parties in the area which is now being subjected to a detailed investigation.

Technical studies are also being carried out on deep gold bearing reefs to the south of Western Areas where the latter company, "Johnnies" and Free State Developments have interests.

A third "interesting" gold area where prospecting rights are held by "Johnnies" is the wedge of ground between Randfontein and Cooke where the Middle Elsburg reefs are thought to contain similar values to those in the two adjacent lease areas.

Sir Albert sees a continuing strong demand for gold and says that Rustenburg Platinum Holdings has enjoyed favourable trading conditions in the first two months of its financial year, but he makes no comment about the diamond interests.

He sees "good reason" to expect that the group's industrial interests will do even better this year, thus confirming this column's recent view that the group is heading for another good year, albeit without a profits increase matching the 40 per cent achieved in the year to last June.

On the other side of the coin, he points out that South Africa's reserves of coal, estimated at some 60bn to 65bn tonnes, "could easily support a level of exports very much higher than the officially imposed maximum of 44m tonnes per annum for 30 years."

At the group's Shangani nickel operation in Zimbabwe, the opening up of the underground mine is behind schedule and operating profits this year may not cover interest charges. The Otjihase copper mine in Namibia remains closed down and, as already reported, "Johnnies" is having talks with potential partners for a re-opening of the property.

Anglo-Vaal group looks for higher profits this year

THE OUTLOOK for the year to June 30, 1981, for Anglo-Transvaal Consolidated Investment (Anglo-Vaal) is favourable, based on current gold and commodity prices, according to Mr. Basil Hersov, the chairman. Mr. Hersov said in his annual statement that all group companies are budgeting for higher profits.

Anglo-Vaal, the South African mining, industrial and finance house, is paying particular attention to mineral exploration and personnel development in order to maintain satisfactory growth in future, he added.

The group's net attributable profit for the year to June 30, 1980, rose to R38m (£20.8m) from R23m, with net earnings 65 per cent higher at a record 898 cents against 543 cents. This growth stemmed from higher gold prices received by Anglo-Vaal's mining investments, increased earnings from the industrial subsidiaries and profits earned by the restructuring of the investment portfolio.

On the subject of exploration, Mr. Hersov said that expenditure on mineral exploration, research and development rose to R8.4m from last year from R4.5m, and the group is stepping up its efforts in the coming year.

Aside from exploration in new areas, Mr. Hersov said that with radical changes in the prices of minerals, companies have to be in a position to re-examine ore deposits not previously considered viable. The group plans capital expenditures over the next three years totalling more than R500m, with about half going to the mines.

Turning to personnel development, Mr. Hersov said that Anglo-Vaal was investing heavily in training in order to cope with the changes which have come about in South African industrial relations since the publication of the Wiehahn Report.

In particular, he said, the position whereby employers and registered unions determined the course of labour matters for themselves as well as for Black workers is now changing. "Care will have to be exercised in an attempt to reconcile the fears of some with the rising aspirations of others," he added.

Cominco bidding for Bethlehem Copper

CANADA'S Cominco, the metals and chemicals concern in the Canadian Pacific group, has concluded a deal which could lead to the early development of one of the largest copper orebodies in the world, reports John Soganich from Toronto.

Cominco is paying more than C$60m (£21m) for the 26 per cent stake in Bethlehem Copper held by Gulf Resources and Chemical, of Houston, Texas. The purchase will raise Cominco's holding in Bethlehem Copper to 65 per cent, and this could go higher when, as intended, Cominco makes a similar offer of C$37.50 a share to the other shareholders.

Bethlehem owns and operates a large open-cut copper mine and concentrator in the Highland Valley area of British Columbia. The operation adjoins a 1bn tonne copper deposit owned by Valley Copper Mines, in which Cominco has an 80 per cent stake. Bethlehem is a minority holder in Valley Copper, and has royalty interests in the company's production.

Other significant stakes in Bethlehem include America's Newmont Mining, with 22 per cent, and Sumitomo Shoji Kaisha of Japan with 3 per cent. The remaining shares are believed to be widely held in the U.S. and Canada. Full acceptance of Cominco's offer would cost the company more than C$126m.

UK COMPANY NEWS

Bambers rises marginally to £1.12m in first half

TAXABLE PROFITS of Bambers Stores rose in the six months to August 2, 1980, from £1.06m to £1.12m on sales £2.61m higher at £13.8m.

And the chairman, Mr. S. Marks, says that in the last two months trading has improved to some degree and he is hopeful of achieving a satisfactory result for the year as a whole.

Looking further to the future he says he remains optimistic about trading prospects. Some new projects, he adds, are developing well and are confidently expected to make a contribution in 1981-82.

Commenting on the first-half figures Mr. Marks says trading conditions remained extremely difficult. However, he believes the company captured a larger share of the market. Sales volumes were up on the corresponding period last year, he says.

During the half-year considerable efforts were made in expanding the company's product range in its stores. The company, ladies and children's wear manufacturer and retailer, also continued to acquire new branches and replace older shops with larger and more modern ones.

The interim dividend is being effectively raised from 0.57p to 0.65p. Last year a total equal to 1.33p was paid from pre-tax profits of £4.07m.

Trading profits for the six months fell back from £806,000 to £705,000 but there was a profit on disposals of property which amounted to £417,000, compared with £151,000.

Tax for the period increased from £188,000 to £212,000, leaving stated earnings per 10p share of 2.53p (2.42p adjusted). Net profit showed a rise to £910,000 against £869,000.

● comment

Bambers' policy of modernising and increasing its retail network has cushioned it against the worst effects of the recession. Pre-tax profits for the year, without taking account of property transactions, should be in the region of £3.4m, marginally higher than last year. In the past three months sales, which remained buoyant at the interim largely due to earnings from eight new stores, have picked up and eight more stores are due to open. Income gearing remains at a rather high 50 per cent but there have been no net additions to debt in the first half and the traditional second-half sales boost will bring this figure down. The shares stand at 59p where, given a final net dividend payment of 0.89p, the prospective yield is 3.8 per cent, while the p/e, fully taxed, is 13.

INSURVETTE WOUND-UP

Insurvette was compulsorily wound up in the High Court on Tuesday. The petitioner was the Department of Trade.

Border Breweries slips to £474,000

Estimated pre-tax profits of Border Breweries (Wrexham) for the six months to August 31, 1980, show a drop from £558,000 to £474,000—and the directors warn that the second half does not look very promising.

They say they have implemented economies where possible in an endeavour to keep costs down, but add that they cannot control increased charges in services such as fuel, electricity and water.

During the half year sales of all products, including draught beers, were down in volume. High unemployment combined with short-time working in the whole of the company's trading areas resulted in a fall in consumer spending, the directors say.

They are increasing the interim dividend from 1.2p to 1.3p net—last year a total of 4.5p was paid from taxable profits of £1m (£895,052).

Armour Trust recovery trend continues

Profits before tax of Armour Trust rose from £373,000 to £440,000 in the year ended April 30, 1980, on higher turnover of £8.23m against £7.45m, and the directors are stepping up the dividend from 0.1p to 0.125p per share.

The Board's objective remains to consolidate the recovery of the past two years although trading in the first half of the current year has been difficult—subsidiaries of the group are engaged in the confectionery and television industries.

Tax charge for the year is £28,000 (£10,000) giving earnings per share of 2.8p against 2.4p.

The Carter Penguin Group again performed most creditably and produced record profits, the directors say.

Its products are geared to the lower priced sector of the confectionery market and at the current economic environment are better placed to withstand the overall decline in confectionery consumption.

However competitive pressures are affecting profitability although there are signs of an upturn in demand.

Telesure made a small loss during the year which was to be expected. It is not anticipated that Telesure will contribute substantially to group profits in the short term due to a change in emphasis of the business from credit sales to rental of television sets.

This policy has had an effect on current profitability although over the medium term it will prove beneficial to the group.

Telesure has expanded its successful personal-loan business to customers and anticipates further expansion in the current year while rental growth will be more difficult to achieve.

Litigation between the company and the liquidator of Armour Hick (Northern) has been satisfactorily resolved and the costs of settlement are included in the year's results.

OIL AND GAS NEWS

Two more Strata wells on Woodada find

BY STEPHEN THOMPSON

AUSTRALIA'S Strata Oil, which participated in the discovery of the Woodada gas field in the Perth Basin of Western Australia last May, is planning sustained production testing of the two discovery wells, Woodada 1 and Woodada 2, and says that two further wells will be drilled starting in late November, according to the company's latest quarterly report.

The tests, which will have an initial flow rate of 10m cubic ft of gas a day, will help in outlining the extent of the gas reservoirs. Production will be introduced to the existing Dongara-Perth pipeline if output is sufficient.

The participants in the venture have already placed orders for a gas expansion plant and 12.5 km of pipeline and negotiations are currently in progress regarding contract prices for the gas produced from the tests.

The third Woodada well is expected to commence drilling at the end of November and will be located 4 km north of Woodada 2. The fourth will be commenced immediately after completion of Woodada 3.

The original gas discovery at Woodada sent Strata's shares soaring from around 12p to a peak of 164p. Woodada 1 flowed at a rate of 32.38m cubic ft of gas a day and Woodada 2 at 32.8m cubic ft a day, both following stimulation by a hydrochloric acid solution.

Strata has a 28.95 per cent stake in the Woodada find, Hughes and Hughes of Texas, operator, holds 65 per cent, the UK-registered Hampton Trust owns a 3.5 per cent interest acquired in July, while the remainder is held by a number of individuals and companies.

Strata also intends to conduct a marine seismic programme on its 100 per cent-owned WA-113P Block, while in the Surat Basin drilling should begin in December.

In the Northern Territory Strata has a 12½ per cent interest in a consortium applying for Lots 12 and 13. The consortium comprises Diamond Shamrock, operator, Northern Michigan Exploration, Sydney Oil, Mid-East Minerals, Petrochemical Holdings and Offshore Oil.

* * *

The fifth and last of the Dullingari wells drilled to determine the extent of the Dullingari Murta oil reservoir in South Australia's Cooper Basin has flowed at a rate of 1,330 barrels of oil a day, following clean-up operations and has been completed as an oil producer. Surface flowing pressure was 100 psi.

The first Dullingari well flowed at a rate of 750 barrels a day, the second was dry, and the third recovered oil during drill stem testing and the fourth produced at a rate of 2,385 barrels a day.

* * *

Tricentrol North Sea, a wholly-owned subsidiary of Tricentrol Oil Corporation has been awarded oil exploration permit NT/P33 in the Bonaparte Gulf off the Northern Territory coast of Australia.

The permit, in which Tricentrol has a 100 per cent interest, will last for six years and includes approximately 32,500 sq km in water depths of less than 200 ft.

Tricentrol says that from the one well which has been drilled on the permit area previously it is known that a thick sedimentary sequence exists, while a discovery encountered gas in rocks of Permian age 40 miles south of the permit.

BIDS AND DEALS

Birds Eye and Walls join forces

Unilever's two big UK frozen food products companies, Birds Eye Foods and Wall's Ice Cream, are to come together in a joint company from January 1, 1981.

Known as Birds Eye Walls, it will be responsible for integrating the two companies, bringing Unilever's frozen products operations in the UK in line with those in other European countries.

Walls said last night that the only effect on manpower might be the transfer of some of Wall's administrative staff from the head office at Gloucester to the new joint headquarters at Walton on Thames.

The joint company had "no views about closure of plants," and if redundancies did occur in future that would not be because of the new company structure.

Birds Eye Foods employs 9,500 people in six factories and Walls's, with two plants, employs 2,500.

The chairman of the new company will be Mr. Don Angel, the Birds Eye chairman. Mr. Hugo Mossel, of Walls, will be the joint company's vice chairman for a few months, before moving elsewhere in the Unilever group.

MIDLAND BANK

Financiadora General Motors, a subsidiary of General Motors do Brasil, has acquired a 9 per cent shareholding in Banerindus Midland Arrendamento Mercantil SA, the Brazilian leasing company in which Midland Bank has a 40 per cent interest.

WALKER LUNT ATTRACTS BUYERS

Over 50 potential buyers have expressed interest in the industrial hygiene manufacturer and distributor, Walker Lunt, to which a receiver was appointed a fortnight ago at the request of its parent, Talbex Group.

The receiver, Mr. Christopher Morris of Touche Ross, is now being given reports from the valuers and aims to sell Walker Lunt on a going concern basis. The subsidiary is estimated to have lost around £700,000 in the year to July 31, 1980 but the proposed sales has attracted unusually high interest, including investigation by most of the leading quoted companies in the sector.

The Talbex share price fell ½p to 4½p yesterday and has been unsettled by the inter-group agreements which guarantee nearly all Walker Lunt's secured debts of £1.2m-£1.3m. Unsecured creditors' balances are understood to total some £700,000.

The first formal offers are expected early next week.

600 Group offer for Startrite Engrg.

THE 600 Group, the machine tool manufacturing and engineering products and services concern, has emerged as the bidder for Startrite Engineering Group.

The offer has been agreed by the Startrite Board. The 600 Group's offer values the ordinary share capital of Startrite at £2.16m.

Under the terms of the bid, Startrite shareholders are being offered 72p in cash for each of their shares and 105p in cash for each 11 per cent cumulative preference share of £1 which they hold in Startrite.

The directors of Startrite and their financial advisers, E. B. Savory, Milln and Co., consider that the terms of the offer are fair and reasonable and the directors of Startrite "strongly recommend all shareholders to accept."

So far the directors of Startrite and the executors of the late Mr. N. J. Vardigans, holding in aggregate 1.54m ordinary shares and 34,797 preference shares (which represent 51½ per cent and 8.7 per cent of the issued ordinary and preference capitals respectively) have undertaken to accept the offer.

Acceptors of the ordinary offer will be entitled to receive and retain the final dividend for the year ended June 30, 1980 of 1.37p per ordinary share proposed for payment on November 28, 1980.

Acceptors of the preference offer will be entitled to receive and retain the dividend for the half year ending December 31, 1980 of 5.5p per preference share payable on that date.

The 600 Group intends that the business of Startrite will be continued and developed and that the interests of employees (including existing pension entitlements) will be fully safeguarded. Mr. W. R. Bruce will continue as chairman of Startrite.

IRISH SHELL PREF. CAPITAL ACQUIRED

Shell Petroleum to make an offer for the preference capital of Irish Shell comprising 120,000 redeemable cumulative 4½ per cent shares of IR£1. Terms are £1.05 cash for each preference share.

CHAMBERS & FARGUS

Mr. Harvey Michael Ross has increased his holding in Chambers and Fargus to 463,000 shares (12.9 per cent), against an isued total of 3,570,000 shares.

SHARE STAKES

Catalin—E. F. Robbins of New York has purchased further ordinary shares in the company, increasing its holding to 128,000 shares (7.5 per cent).

Commercial Union Assurance—Kuwait Investment Office has acquired 200,000 ordinary shares bringing its total interest to 20,571,000 shares (5.005 per cent).

MFI—Mr. D. S. Hunt, director, disposed of 10,000 shares on October 24.

Central Manufacturing and Trading Group—Caparo Group has acquired a further 75,000 shares, taking its holding to 2,925,000 shares (11 per cent).

MFI Furniture Group—Mr. E. W. Lea, director, has disposed of 7,000 shares.

London and Gartmore Investment Trust—Hampshire County Council superannuation fund has increased its holding to 355,000 Ordinary, representing 8.352 per cent.

Arrow Chemicals Holdings—Mr. J. K. Farrow, director, has disposed of 100,000 shares.

Foseco Minsep — Sir Eric Weiss, director, has disposed of 20,000 shares.

First Castle Securities—Connor Finance has sold 300,000 shares, reducing its holding to 2,192,530 shares (33.65 per cent). Mr. John Smith, director, is sole trustee of the trust, in which he holds no beneficial interest, that holds all the shares in W. J. Connor Finance.

Sizewell European Investment Trust—London Trust Company recently sold 1,400,000 ordinary, thus eliminating its holding in company.

Guinness Peat—Mr. R. A. W. Caine, director, has disposed of a beneficial interest of 60,000 ordinary, and a non-beneficial interest of 35,000 ordinary at a price of 125½p per share.

SIR JAMES FARMER NORTON

Agreement has been reached between Mr. Peter Copp, of Stoy Hayward and Partners, receiver of Sir James Farmer Norton and Co., Messrs David and Charles Norton directors of the company, for the sale of its goodwill, designs and order book. Finance for the new company, Sir James Farmer Norton and Co. (International) has been provided by a Swiss banker and a French investor as well as the previous family investors.

At the same time the receiver has reached a preliminary agreement to sell part of the company's works to Salford Council who will lease it back to International, giving them an option to purchase at a later date.

International will continue to manufacture and market the same range of equipment as before—including textile finishing and metal working machinery. It will also provide spares and service for machines previously supplied.

Standard Life beats its target

Standard Life Assurance Company, the largest life company in Scotland, reports a successful first year of trading for its unit-linked life operations. Total funds under management over the 12-month period to October 29, 1980, amounted to £16.84m compared with the initial target at launch of at least £15m.

The company offers five separate funds, plus a managed fund investing in units of these five funds. The fixed interest fund amounts to £7.75m with a unit price rise of 19 per cent over the year, with the UK equity fund amounting to £5.89m showing a 53 per cent increase in price.

The property fund reached £1.85m with a 16 per cent price increase, but the international fund at £1.15m rose by 19 per cent.

The company entered the unit-linked field by first marketing a single premium bond, followed a few months later by a regular savings plan. Recently it launched a regular payment pension contract for the self-employed and it has now extended its product range by launching a single premium personal pension bonds, again for the self-employed.

English Nat. Investments

For the half year ended September 30, 1980, net revenue of English National Investment Co. rose from £63,724 to £79,681 after tax of £38,554 against £29,887.

The interim dividend on the preferred ordinary shares is raised from 1.01p to 1.05p and from 1.59p to 1.75p on the deferred ordinary, both payments being to reduce disparity. Totals last year on the two classes of shares were 2.23p and 3.02p respectively.

Stated earnings per preferred ordinary share in the first half are 1.28p (1.13p) and 2.69p (2.06p) per deferred ordinary share.

BANK RETURN

BANKING DEPARTMENT

	Wednesday October 29 1980	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	34,946,161	— 1,019,348
Bankers Deposits	641,561,504	+ 93,996,896
Reserve & other Accounts	587,836,934	— 73,092,286
	1,278,897,599	+ 19,885,262
ASSETS		
Government Securities	395,020,856	+ 67,805,000
Advances & Other Accounts	397,398,453	— 182,457,569
Premises Equipment & Other Secs.	481,176,676	+ 150,682,586
Notes	5,030,692	— 16,122,658
Coin	270,922	— 22,097
	1,278,897,599	+ 19,885,262

ISSUE DEPARTMENT

Liabilities	£	£
Notes Issued	10,125,000,000	—
In Circulation	10,119,969,308	+ 16,122,658
In Banking Department	5,030,692	— 16,122,658
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,849,887,596	— 68,136,683
Other Securities	2,264,097,304	+ 68,136,683
	10,125,000,000	—

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.300	5	6	1	10	—	—	F.291.50
ABN C	F.320	25	2.50	—	—	—	—	"
AKZO C	F.17.50	—	—	1	2	—	—	F.19.10
AKZO C	F.20	—	—	50	1.60	1	1.70 A	"
AKZO P	F.20	56	1.50	14	1.70	—	—	"
AKZO P	F.22.50	10	3.70	3	4.30	—	—	"
AKZO P	F.25	5	5.70	7	68	—	—	"
AMRO C	F.60	2	4.20	—	—	—	—	F.62.20
AMRO C	F.65	50	1.50	10	2.50	—	—	"
AMRO C	F.70	—	—	110	1	—	—	"
KODA C	$70	5	2¼	—	—	1	—	$68⅛
HEIN C	F.50	20	5.30	7	4.70	—	—	F.50
HEIN C	F.55	1	0.80	16	2	1	4.50	"
HEIN C	F.60	3	0.30	—	—	—	—	"
HEIN P	F.50	11	2.20	—	—	—	—	"
HEIN P	F.55	27	5.60	—	—	—	—	"
IBM C	$65	10	4⅝	—	—	—	—	$66
IBM C	$70	10	2¼	—	—	1	4⅞	"
IBM C	$70	—	—	5	6¼	—	—	"
KLM C	F.55	19	8.70	10	11	—	—	F.63.70
KLM C	F.60	258	6.20	11	7	1	7.50A	"
KLM C	F.70	257	1.50	13	2.50	21	4.50	"
KLM P	F.55	59	1.80	2	3	—	—	"
KLM P	F.60	102	3.80	5	7A	3	8	"
KLM P	F.70	59	8.50A	—	—	—	—	"
NATN C	F.120	—	—	—	—	6	5.10	F.117.60
PETR C	Fr.5500	6	240A	—	—	—	—	Fr.5600
PHIL C	F.17.15	38	0.40	155	0.80	30	1	F.16.50
PHIL C	F.17.50	20	1.60	—	—	2	3.80	"
PHIL C	F.20	1	3.60	2	3.70	—	—	"
OLIE C	F.170	13	39	1	41	—	—	F.207.80
OLIE C	F.180	8	28	17	31	—	—	"
OLIE C	F.190	89	21	17	23.50	—	—	"
OLIE C	F.200	395	14.80	137	18.20	17	20	"
OLIE C	F.220	243	6.60	328	9.10	67	11	"
OLIE P	F.160	20	0.20	3	0.50	—	—	"
OLIE P	F.170	10	0.50	35	0.80	—	—	"
OLIE P	F.180	27	1	8	2.10A	—	—	"
OLIE P	F.190	184	2.40	10	3.70	2	5.80	"
OLIE P	F.200	74	5.50	28	8.20	20	10.50	"
OLIE P	F.220	3	17.50	—	—	—	—	"
UNIL C	F.120	—	—	5	6	—	—	F.123.20
UNIL C	F.130	46	1	1	2	—	—	"
UNIL P	F.120	4	2.20	—	—	—	—	"
EXON C	$80	—	—	1	4	—	—	$77
XERO C	$60	5	5⅝	—	—	—	—	$63⅝
		Nov.		Feb.		May		
BOEI C	$35	5	1⅝	—	—	—	—	$35½
OCCI C	$35	—	—	3	1¼	—	—	$31⅞
SLY C	$100	—	—	1	16	—	—	$109½
TOTAL VOLUME IN CONTRACTS						3346		

C=Call P=Put

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Dollar improves

The dollar gained ground in the foreign exchange market yesterday, rising quite sharply in late European trading as a result of demand for the U.S. currency in New York. Its trade-weighted index, on Bank of England figures, rose to 85.2 from 84.9. The dollar finished near the best level of the day against most major currencies, closing at DM 1.8980, compared with DM 1.8855 against the D-mark, after touching DM 1.8995. It reached a peak of SwFr 1.7130 in terms of the Swiss franc, and finished at SwFr 1.7110 against SwFr 1.6960. The highest point touched against the yen was Y210.50, and the dollar closed at Y210.40, compared with Y210.

Sterling's index, as calculated by the Bank of England, was unchanged at 79.0, after opening at 78.9, and rising to 79.0 at noon.

The pound opened at $2.4400-$2.4410 and rose to a best level of $2.4440-2.4450 just before midday. In the afternoon sterling fell to $2.4350-2.4360, and closed at $2.4380-2.4390, a fall of 30 points on the day. There was little market reaction to the expected announcement of an unchanged Minimum Lending Rate. Most attention continued to centre on the D-mark, which required support from several central banks to hold it within EMS agreed limits.

D-MARK — Second weakest member of the European Monetary System and lower against the dollar on interest rates differentials. The German currency has recently been at its lowest permitted limit against the French franc within the EMS, and around a six-month low against the dollar and a four-year low in terms of sterling. The D-mark remained weak at yesterday's Frankfurt fixing, with the Bundesbank selling $19.15m to push the dollar down to DM 1.8866 from DM 1.8942. Market estimates of central bank sales in the open market prior to the fixing ranged between $50m and $80m. The French franc moved above its ceiling against the D-mark in early trading but came back to DM 43.41 per 100 francs at the fixing—slightly under its intervention point — without any intervention. The Dutch guilder firmed slightly against the D-mark, while sterling eased to DM 4.6120 from DM 4.6260 at the fixing, ahead of the announcement on MLR.

FRENCH FRANC—Very firm, near or at the top of the EMS—The franc lost its position as the strongest member of the EMS to the Dutch guilder yesterday. The D-mark was below its floor against the franc in early trading, but recovered later helped by Bank of France purchases of dollars at the fixing, estimated at $80m to $150m.

JAPANESE YEN — Expectations of a strengthening Japanese economic performance keep the yen firm despite speculation of an imminent cut in the Bank of Japan discount rate—The yen remained firm in moderate Tokyo trading, as the dollar fell to Y209.70 from Y211, after opening at Y209. Comments by the Governor of the Saudi Arabian Monetary Agency of his country's intention to continue investment in Japan depressed the dollar to a low of Y208.90 in the morning. Later in the day the U.S. currency recovered slightly, partly reflecting dollar purchases for import covering. It was stated in Tokyo yesterday that despite the growth of the yen in foreign central bank reserves less than 30 per cent of Japanese exports are settled in yen, and only a few per cent of imports, with the dollar remaining by far the most important currency in trade settlements.

THE POUND SPOT AND FORWARD

Oct. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4350-2.4450	2.4380-2.4390	0.63-0.53c pm	2.85	1.00-0.90 pm	1.56
Canada	2.8670-2.8770	2.8710-2.8720	1.25-1.15c pm	5.01	3.00-2.90 pm	4.11
Nethlnd.	4.97-5.02	4.99½-5.00½	3½-2½c pm	7.20	9-8 pm	6.80
Belgium	73.75-74.20	74.10-74.20	32-22c pm	4.37	82-72 pm	4.15
Denmark	14.18-14.27	14.25½-14.26½	4¼-2⅞ore pm	3.00	5⅛-4⅛ pm	1.33
Ireland	1.2265-1.2335	1.2318-1.2328	0.34-0.30p pm	3.12	0.62-0.57 pm	1.93
W. Ger.	4.60-4.64½	4.62¾-4.63¾	3½-2½pf pm	7.77	9⅛-8⅛ pm	7.45
Portugal	124.70-125.50	125.00-125.20	13c pm-13 dis	—	5-73 dis	−1.09
Spain	182.70-183.35	182.75-182.85	100-165c dis	−8.70	375-440 dis	−8.92
Italy	2,181-2,188	2,186-2,188	5½-7½lire dis	−3.57	26½-29½ dis	−5.12
Norway	12.05-12.10	12.06¾-12.06¾	5⅞-4⅞ore pm	5.22	12⅛-10⅞ pm	3.83
France	10.60½-10.67½	10.65-10.66	5½-4½c pm	5.63	14-13 pm	5.07
Sweden	10.34-10.38	10.34½-10.35½	¼ore pm-par	0.36	1-1⅞ dis	−0.55
Japan	508-518	512½-513½	3.60-3.15y pm	7.89	9.00-8.55 pm	6.84
Austria	32.55-32.80	32.65-32.70	14-12gro pm	4.77	37-32 pm	4.22
Switz.	4.14-4.18	4.16¾-4.17¾	4½-3½c pm	11.50	11½-10½ pm	10.54

Belgian rate is for convertible francs. Financial franc 74.25-74.35. Six-month forward dollar 1.25-1.15c pm. 12-month 1.55-1.45c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4350-2.4450	2.4380-2.4390	0.63-0.53c pm	2.85	1.00-0.90 pm	1.56
Ireland†	1.9770-1.9898	1.9770-1.9800	0.25-0.35c dis	−1.82	0.55-0.65dis	−1.27
Canada	1.1750-1.1780	1.1757-1.1760	0.23-0.18c pm	2.10	0.77-0.72 pm	2.53
Nethlnd.	2.0388-2.0490	2.0475-2.0485	0.82-0.72c pm	4.51	2.77-2.67 pm	5.31
Belgium	30.17½-30.42	30.40-30.42	6-4½c pm	2.07	20-17 pm	2.44
Denmark	5.8085-5.8400	5.8385-5.8400	0.65-0.15ore pm	0.82	par-0.50 dis	−0.17
W. Ger.	1.8830-1.8995	1.8975-1.8985	0.82-0.76pf pm	4.98	2.92-2.86 pm	6.09
Portugal	51.05-51.40	51.30-51.40	7-17c dis	−2.80	23-50 dis	−2.84
Spain	74.95-75.10	75.05-75.10	60-75c dis	−10.79	185-210dis	−10.52
Italy	892.40-895.25	894.75-895.25	4½-5½lire dis	−6.70	14½-16 dis	−6.81
Norway	4.9415-4.9485	4.9450-4.9470	1.05-0.55ore pm	1.94	2.90-2.40 pm	2.14
France	4.3450-4.3895	4.3875-4.3895	1.17-1.07c pm	3.08	4.10-3.95 pm	3.69
Sweden	4.2300-4.2450	4.2425-4.2435	0.55-0.70ore dis	−1.77	1.55-1.70dis	−1.53
Japan	209.00-210.50	210.35-210.45	0.70-0.50y pm	3.42	2.75-2.60 pm	5.08
Austria	13.33½-13.40¾	13.39¾-13.40¾	2.70-2.20gro pm	2.19	8.75-8.25 pm	2.59
Switz.	1.6940-1.7130	1.7105-1.7115	1.35-1.30c pm	9.29	3.89-3.84 pm	9.03

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.00	−25.3
U.S. dollar	85.2	−8.6
Canadian dollar	80.1	−18.0
Austrian schilling	150.2	+23.2
Belgian franc	113.0	+11.6
Danish kroner	103.2	−7.0
Deutsche mark	148.8	+40.3
Swiss franc	193.4	+79.1
Guilder	124.6	+18.9
French franc	98.9	−7.0
Lira	51.3	−520.
Yen	137.5	+34.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.530136	0.555268
U.S. $	11	1.29428	1.35597
Canadian $	11.76	1.51967	1.59340
Austria Sch.	6¾	17.3581	18.1903
Belgium F.	12	39.2731	41.1366
Danish K.	11	7.54854	7.89650
D'mark	7½	2.45151	2.56752
Guilder	8	2.65121	2.77708
French Fr.	9½	5.63956	5.91472
Lira	16½	1159.62	1214.95
Yen	8.25	273.080	286.177
Norwgn. Kr.	9	6.41027	6.71881
Spanish Pts.	8	97.1467	101.867
Swedish Kr	10	5.50367	5.76109
Swiss Fr.	3	2.20 00	2.31151

OTHER CURRENCIES

Oct. 30	£	$		£ Note Rates
Argentina Peso	4747-4767	1947-1954	Austria	32.40-32.70
Australia Dollar	2.0775-2.0815	0.8525-0.8530	Belgium	73.75-74.50
Brazil Cruzeiro	147.30-148.30	60.49-60.69	Denmark	14.17-14.29
Finland Markka	9.11-9.12	3.7300-3.7310	France	10.60-10.70
Greek Drachma	104.828-107.455	42.95-43.10	Germany	4.61-4.65
Hong Kong Dollar	12.34-12.36	5.0610-5.0630	Italy	2190-2250
Iran Rial	n.a.	n.a.	Japan	512-518
Kuwait Dinar(KD)	0.651-0.657	0.2683-0.2684	Netherlands	4.98-5.02
Luxembourg Frc.	74.10-74.20	30.40-30.42	Norway	12.05-12.17
Malaysia Dollar	5.2225-5.2325	2.1425-2.1445	Portugal	121¼-138
New Zealand Dlr.	2.4925-2.4975	1.0225-1.0235	Spain	178-188
Saudi Arab. Riyal	8.06-8.12	3.3195-3.3201	Sweden	10.33-10.45
Singapore Dollar	5.08-5.09	2.0835-2.0855	Switzerland	4.12-4.15
Sth. African Rand	1.8265-1.8285	0.7490-0.7500	United States	2.43¼-2.44¾
U.A.E. Dirham	8.97-9.03	3.6885-3.6900	Yugoslavia	78-81

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7697	41.1210	+3.35	+1.01	±1.53
Danish Krone	7.72336	7.90495	+2.35	+0.01	±1.64
German D-Mark	2.48208	2.56546	+3.36	+1.02	±1.125
French Franc	5.84700	5.91379	+1.13	−1.21	±1.3557
Dutch Guilder	2.74362	2.77281	+1.06	−1.28	±1.512
Irish Punt	0.662201	0.683672	+2.32	−0.02	±1.668
Italian Lira	1157.79	1214.32	+4.88	+2.58	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.439	4.630	513.5	10.66	4.173	5.000	2186.	2.872	74.15
U.S. Dollar	0.410	1.	1.899	210.5	4.369	1.711	2.050	896.2	1.178	30.41
Deutschemark	0.216	0.527	1.	110.9	2.301	0.901	1.080	472.0	0.620	16.02
Japanese Yen 1,000	1.948	4.751	9.021	1000.	20.76	8.130	9.742	4258.	5.595	144.5
French Franc 10	0.938	2.289	4.345	481.7	10	3.916	4.693	2051.	2.695	69.59
Swiss Franc	0.240	0.584	1.110	123.0	2.554	1.	1.198	523.8	0.688	17.77
Dutch Guilder	0.200	0.488	0.926	102.7	2.131	0.835	1.	437.1	0.574	14.83
Italian Lira 1,000	0.458	1.116	2.119	234.9	4.875	1.909	2.288	1000.	1.314	33.93
Canadian Dollar	0.348	0.849	1.612	178.7	3.711	1.453	1.741	761.1	1.	25.82
Belgian Franc 100	1.349	3.289	6.244	692.2	14.37	5.627	6.743	2947.	3.873	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 3/4	offer 14 7/8	bid 14 3/4	offer 14 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17¼-17½	13¾-13⅞	10½-11½	8¾-9	10-12	9¼-9⅜	10⅛-10⅝	14-17	13⅞-14	9½-10½
7 days' notice	17¼-17⅜	13⅝-13¾	11⅛-11⅝	8⅞-9⅛	[illegible]	8⅞-9	10¾-11	18½-21½	13⅝-13¾	9¾-10⅛
Month	17-17⅛	13¾-14⅛	11⅛-11⅞	[illegible]	[illegible]	8⅞-9	[illegible]	20-21	[illegible]	9¾-10
Three months	16¼-16⅜	14⅛-14½	12⅛-12⅞	[illegible]	[illegible]	[illegible]	[illegible]	21¼-22½	14½-14⅝	[illegible]
Six months	16¼-16⅜	14⅝-15	12⅞-13⅛	[illegible]	[illegible]	[illegible]	[illegible]	21¼-22¼	14½-14⅝	[illegible]
One Year	14⅞-15	14¼-14⅞	12⅞-13¼	[illegible]	[illegible]	[illegible]	[illegible]	21¼-22¼	[illegible]	[illegible]

Long-term Eurodollar two years 13⅞-13⅞ per cent; three years 13¾-13⅞ per cent; four years 13⅝-13⅞ per cent; five years 13⅝-13⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.15-14.25 per cent; three-months 14.65-14.75 per cent; six months 14.65-14.75 per cent; one year 13.90-14.00 per cent.

INTERNATIONAL MONEY MARKETS

Europe rates ease

European short term interest rates showed an easier trend yesterday, with Paris call money remaining at the 13-month low of 10⅛ per cent touched Wednesday, while term rates were also unchanged after easing the previous day. In Frankfurt rates declined, following the upward trend on Wednesday, as the D-mark came under pressure in the European Monetary System. The German currency required further support yesterday, but domestic rates eased, with call money quoted at 8.90-9.10 per cent against 9.00-9.10 per cent. One-month fell to 9.15-9.25 per cent from 9.20-9.30 per cent, and 12-month to 8.80-9.00 per cent from 8.90-9.05.

In Zurich rates were generally down by ⅛ per cent, while banks financed month-end positions with little difficulty, thanks to an injection of funds from the authorities.

Swiss rates are expected to firm slightly next week, reflecting repayment of month-end funds supplied by the National Bank, while the upward trend in U.S. rates will probably be an influence. The next two months are usually times of firmer rates as banks prepare their books for the end of the year, and there is also a drain on liquidity through the seasonal rise in the note circulation.

In Amsterdam rates continued to ease yesterday, influenced by the strength of the guilder within the EMS.

UK MONEY MARKET

Further surplus

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in good supply in the London money market yesterday, and although the authorities absorbed part of the surplus, banks are again expected to bring forward above target balances. Banks carried over surplus balances from Wednesday and the market was also helped by an excess of Government disbursements over revenue payments to the Exchequer. These outweighed the unwinding of a sale and repurchase agreement on eligible bank bills.

The Bank of England sold a very small amount of Treasury bills to the houses, but some houses were slightly short of funds towards the close and paid up to 15½ per cent to balance their books. Earlier in the day 14-15 per cent was paid for secured call money. In the interbank market overnight loans opened at 16¼-16⅝ per cent, and ranged between 15⅞ per cent and 16⅞ per cent, before closing at 16⅞ per cent.

GOLD

Slight fall

Gold fell $1 to $641-644 in the London bullion market yesterday. It opened at $640-643, remaining firm on the unresolved problem of the U.S. hostages, and was fixed at $643.50 in the morning and $642.50 in the afternoon. The metal opened around the lowest level of the day, and touched a peak of $647-648.

In Paris the 12½ kilo gold bar was fixed at FFr 91,750 per kilo ($655.87 per ounce) in the afternoon, compared with FFr 90,925 ($648.78) in the morning, and FFr 90,900 ($648.84) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 39,045 per kilo ($644.00 per ounce), compared with DM 39,285 ($646.51) previously, and finished at $642-644 against $643-645 on Wednesday.

In Zurich gold closed at $641-644, compared with $642-645 previously.

	Oct. 30		Oct. 29	
Gold Bullion (fine ounce)				
Close	$641-644	[illegible]	$642-645	[illegible]
Opening	$640-643	[illegible]	$643-646	[illegible]
Morning fixing	$643.50	[illegible]	$645.50	[illegible]
Afternoon fixing	$642.50	[illegible]	$644	[illegible]
Gold Coins				
Krugerrand	$661-665	[illegible]	$661-665	[illegible]
1/2 Krugerrand	$336-338	[illegible]	$336-342	[illegible]
1/4 Krugerrand	$177-181	[illegible]	$170-174	[illegible]
1/10 Krugerrand	$70¼-72¼	[illegible]	$70-72	[illegible]
Mapleleaf	$664¼-668¼	[illegible]	$665-669	[illegible]
New Sovereigns	$163-164½	[illegible]	$162-164	[illegible]
King Sovs	$181-183	[illegible]	$181-183	[illegible]
Victoria Sovs	$181-183	[illegible]	$181-183	[illegible]
French 20s	$165¾-168¼	[illegible]	$165-168	[illegible]
50 pesos Mexico	$796-802		$801-804	
100 Cor. Austria	$628-630		$624-627	
$20 Eagles	$750-754		$750-754	

MONEY RATES

NEW YORK	
Prime Rate	14½
Fed. Funds	13¼-14
Treasury Bills (13-week)	12.55
Treasury Bills (26-week)	12.70
GERMANY	
Discount Rate	7.50
Overnight Rate	9.00
One month	9.20
Three months	9.225
Six months	9.00
FRANCE	
Discount Rate	9.5
Overnight Rate	10.75
One month	11.0625
Three months	11.3125
Six months	11.75
JAPAN	
Discount Rate	8.25
Call (Unconditional)	10.9375
Bills Discount (three-month)	10.40625

LONDON MONEY RATES

Oct. 30 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	15⅝-16⅞	16⅞-17	—	—	16¼-16⅞	14-15⅞	—	—	—
2 days notice	—	—	17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅞-17⅛	17	—	—	17¼	[illegible]	—	—	—
One month	[illegible]	[illegible]	17	[illegible]	17¼	[illegible]	[illegible]	[illegible]	[illegible]	17¼
Two months	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
Nine months	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
One Year	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾-14¼ per cent; four years 13¾-13⅞ per cent; five years 13¾-13⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-months trade bills 16⅝ per cent.

Approximate selling rate for one-month Treasury bills 14⅞ per cent; two-months 14⅝ per cent; three-months 14⅝ per cent. Approximate selling rates for one-month bank bills 15⅝ per cent; two-months 15⅝ per cent; three-months 15⅝ per cent; one-month trade bills 17 per cent; two-months 16⅝ per cent and three-months 16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16⅝ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 13.3334 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 29, 1980. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assumes responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1375
Algeria	Dinar	3.8325
Andorra	French Franc	4.3622
	Spanish Peseta	75.175
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.8511
Austria	Schilling	13.345
Azores	Portug. Escudo	51.20
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	75.175
Bangladesh	Taka	15.041
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	30.392
	B. Franc (F)	30.479
Belize	Belize $	2.00
Benin	C.F.A. Franc	218.11
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.72
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.755
Brazil	Cruzeiro	59.78
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.089
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CameroonRepub'c	C.F.A. Franc	218.11
Canada	Canadian $	1.1744
Canary Islands	Spanish Peseta	75.175
Cape Verde Isle	Cape V. Escudo	35.51
Cayman Islands	Cay. Is. $	0.838
Cent. Af. Rep.	C.F.A. Franc	218.11
Chad	C.F.A. Franc	218.11
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.475
Colombia	Col. Peso (O)	49.27
Comoros Islands	C.F.A. Franc	218.11
Congo (Brazzaville)	C.F.A. Franc	218.11
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.70
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.50
DemRep.SaoTome & Principe	S. Tome Dobra	34.9291
Denmark	Danish Krone	5.8045
Djibouti Rp. of	Djibouti Franc	174.102
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	75.175
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.8045
Falkland Islands	Falkland Is. £*	2.4411
Fiji Islands	Fiji $	0.7908
Finland	Markka	3.7355
France	French Franc	4.3622
French C'ty in Af.	C.F.A. Franc	218.11
French Guiana	Local Franc	4.3622
French Pacific Is.	C.F.P. Franc	77.8338
Gabon	C.F.A. Franc	218.11
Gambia	Dalasi	1.5386
Germany (East)	Ostmark (O)	1.8947
Germany (West)	Deutschemark	1.8947
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4411
Gilbert Is.	Kiribati	0.8511
Greece	Drachma	43.175
Greenland	Danish Krone	5.8045
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.3622
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.9642
Guinea Republic	Syli	19.0549
Guyana	Guyanese $	2.5446
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.043
Hungary	Forint (O)	32.23
Iceland	I. Krona	526.10
India	Ind. Rupee	7.72
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	1.9885
Israel	Shekel	6.21
Italy	Lira	895.95
Ivory Coast	C.F.A. Franc	218.11
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	211.05
Jordan	Jordan Dinar	0.2947
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.4567
Korea (Nth)	Won	0.94
Korea (Sth)	Won	638.10
Kuwait	Kuwait Dinar	0.2684
Lao P'pls D. Rep	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4977
Lesotho	Loti	0.7498
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.704
Luxembourg	Lux Franc	30.592
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	218.11
Madeira	PortugueseEscudo	51.20
Malawi	Kwacha	0.8163
Malaysia	Ringgit	2.133
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	436.22
Malta	Maltese Pound	0.3449
Martinique	Local Franc	4.3622
Mauritania	Ouguiya	45.622
Mauritius	M. Rupee	7.7191
Mexico	Mexican Peso	23.03
Miquelon	French Franc	4.3622
Monaco	French Franc	4.3622
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.1246
Mozambique	Moz. Escudo	29.2696
Namibia	Rand	0.7498
Nauru Is.	Aust. $	0.8511
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.0495
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0173
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	218.11
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.949
Oman,Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6479
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	317.12
Philippines	Ph. Peso	7.563
Pitcairn Islands	NZ $	1.0175
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	51.20
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.3622
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.4411
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.3622
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	895.95
Saudi Arabia	Saudi Ryal	3.3225
Senegal	C.F.A. Franc	218.11
Seychelles	S. Rupee	6.4607
Sierra Leone	Leone	1.1688
Singapore	Singapore $	2.089
Solomon Islands	S.I. $	0.8511
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7498
Spain	Peseta	75.175
Spanish Ports in North Africa	Sp. Peseta	75.175
Sri Lanka	S. L. Rupee	16.25
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7498
Sweden	S. Krona	4.236
Switzerland	Swiss Franc	1.704
Syria	Syria Pound	3.9262
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	218.11
Tonga Islands	Pa'anga	0.8511
Trinidad & Tob	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3832
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8511
Uganda	Ug. Shilling	7.4567
United Arab Emir.	UAE Dirham	3.6688
United Kingdom	£ Sterling*	2.4411
Upper Volta	C.F.A. Franc	218.11
Uruguay	Urug. Peso	9.63
U.S.S.R.	Rouble	0.644
Vanuatu	Aust. $	0.8511
Vanuatu*	FNH (4)	70.4945
Vatican	Italian Lira	895.95
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8795
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	28.40
Zaire Republic	Zaire Zaire	5.0592
Zambia	Kwacha	0.7905
Zimbabwe	Zim $	0.6269

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) New Hebrides Independence 30/7/80 now named Vanuatu.

INTERNATIONAL COMPANIES and FINANCE

David Lascelles in New York reviews the U.S. banking scene

Interest rates cloud prospects

THERE HAS been little respite for U.S. banks in their 12-month long struggle to keep abreast of fluctuating interest rates.

When the third quarter began in July, the prime rate was at 11 per cent, and everyone thought it would reach single digits by the end of the year. But when the quarter closed in September, the prime was back at 13 per cent and heading upwards. This alone indicates what a testing quarter the banks have just been through, quite apart from the uncertainties about the economic recovery.

All this had quite an impact on bank earnings. At one end of the scale, the more fortunate banks like First National of Boston and Bankers Trust managed to record gains of 50 per cent or more. Others like J. P. Morgan—parent of Morgan Guaranty—and Chemical were in the middle of the field with 20-30 per cent gains. But the biggest banks in the industry, Citicorp, Bank of America and Manufacturers Hanover Trust could only achieve percentage earnings growth in the single digits.

Bankers Trust's good performance was attributed by Mr. Alfred Brittain, the chairman, to higher net interest income, as well as higher commissions and other income. But in addition to operating income, the bank was able to record an exceptional gain of $9.2m on the sale of 13 branches in and around New York.

According to M. A. Shapiro and Co., the Wall Street broker which specialises in bank stocks, earnings from the first 100 major reporting banks were up 9.5 per cent, down from 21.4 per cent in the second quarter, when interest rates brought high spreads, but better than the 5.3 per cent of the first quarter.

These variations had a lot to do, of course, with how successfully banks managed their liabilities. Those who funded themselves heavily during the mid-summer trough in interest rates did better than those who failed to spot the upturn which came at the end of July.

Among the banks who reported wider interest margins were Bank of America which said it had managed to replace "higher cost sources of funds obtained early this year with sources obtained at a lower cost during the steep interest rate declines around mid-year." The net interest margin for the third quarter, it said, was 3.60 per cent, up from the 3.19 of the first quarter. Bank of America, which has the largest branch network of any bank in the country, also benefited from a large inflow of consumer savings as yields on the competing money market funds slumped in mid-summer.

Many other banks reported gains in net interest income as higher loan volume offset an actual decline in margins. This was the case at Chase Manhattan where net interest income was up 12 per cent in the third quarter, though the spread was down 0.6 per cent to 3.23 per cent. Similarly Morgan Guaranty reported that the rise in net interest earnings was due principally to a greater average volume of interest-earning assets, less to a rise in net yields.

Citibank, whose yields were also squeezed, threw in its now familiar complaint about the effect of "outdated" U.S. usury laws which clamp a ceiling on the amount of interest a bank can charge on consumer loans.

Banking results for the third quarter showed an uncertain trend. With the outlook both for domestic interest rates and the U.S. economy under renewed doubt, the banks face similar uncertainty in the final quarter

Citibank is heavily committed to the consumer market: loans outstanding in this area were $15bn compared to just over $50bn in commercial loans, a high proportion by American standards.

Manufacturers Hanover reported that its spreads had declined, but that it had still come out ahead thanks to a higher level of domestic and overseas lending.

The banks' ability to sustain a high volume of lending at a time when the U.S. economy was supposed to be entering a sharp recession may itself say a lot about why that recession never really materialised. Some analysts think the strength of loan demand was deceptive: it may only represent a shift from long to short-term borrowing among corporate treasurers who believed credit was tightening. A lot of banks are also lending below the prime rate to stimulate business.

Even so, the high level of interest rates of the spring and early summer clearly affected corporate borrowers. Most banks reported fairly large increases in loan loss provisions though, as things stand at the moment, this trough will be nothing like as horrific as that of 1975-76 when banks were foreclosing left, right and centre.

Outside the lending business, the big international banks continue to reap good profits from their foreign exchange activities. Chemical Bank's earnings from this activity increased more than fivefold to $24m so far this year, while Morgan doubled its earnings to $50m.

However, the wide swings in the bond markets brought worse news: several banks made sizeable losses on their securities trading.— Citibank, Chase, Bankers Trust, Chemical, and Morgan.

A couple of problem banks showed that they were straining hard to get back on track. First Chicago, which during the quarter got a new chairman in the person of Mr. Barry Sullivan from Chase Manhattan, reported a two thirds drop in earnings due almost entirely to a hulking $47m loan loss provision. Mr. Sullivan had been expected to move swiftly to clear up the mess left by his predecessors. And while he called the results "unacceptable," he predicted that the provision would be at "more normal levels" in the final quarter.

First Pennsylvania, which got a $1.5bn bail-out earlier this year, posted an operating profit of $780,000, but the earnings statement was less than forthcoming about what was happening behind the scenes. The recent resurgence in U.S. interest rates must have made life a little tougher for both First Chicago and First Penn.

In fact, the whole banking industry went into the final quarter facing uncertainties both over interest rates and the state of the economy. Although the indications are that growth has picked up, it is still not clear whether the pace can be sustained, and if so, whether the powers that be can prevent the credit markets heating up again.

The next few months will also see the start of new banking rules which will relax restrictions on payments of interest on consumer deposits, and draw more banks into the Fed's reserve requirement net.

Both will add to banks' most of funds, though the impact will fall lightest on the large money centre banks—particularly those in New York and New England who are already in the Fed net and who have been paying interest on current accounts for some time.

Strike causes loss at Kennecott

By Our New York Staff

KENNECOTT CORPORATION, the largest U.S. copper producer, yesterday announced that it had returned to the red in the third quarter with a $51m loss.

But whereas many of its quarterly losses in the 1970s were the result of the copper glut of the time, last quarter its main problem was a 16-week strike at its copper mines. Mr. Thomas D. Barrow, Kennecott's chairman, said that most other domestic operations had earned lower profits because of lower demand, but that international operations had posted improved figures.

The strike caused production of refined copper in the third quarter to be 77 per cent below year earlier figures at 20,326 tons. The company's consolidated sales for third quarter were $387.7m, 33 per cent below the 1979 third quarter. In the first nine months net profits were $31.5m, down 60 per cent.

Quaker Oats down 5% in first quarter

BY DAVID TONGE IN NEW YORK

QUAKER OATS, the Chicago-based food, toy and chemicals group, yesterday reported a 5 per cet drop in net profits to $22.7m in the quarter ended September 30.

But whereas it was partially able to offset lower toy profits with better food profits, the major grocery store chain, Fisher Foods, showed it is still fighting an uphill battel when it posted net profits of $1.8m in the 16 weeks to October 4. This was an improvement on a year before but given sales of $416m it is an indication of the pressure the recession and tight margins are piling on retailers.

Quaker posted 7 per cent increase in operating profits to $53.9m on sales up 12 per cent to $643m, but it had to meet higher interest payments. In the quarter, which is the first of its fiscal year, many of its products, such as ready to eat cereals, Aunt Emina syrup and pet foods, recorded volume gains, contributing to the 17 per cent rise to $253.5 in its U.S. grocery products segment. Grocery sales abroad rose 29 per cent to $154m, with Brazil Mexico and Canada recording good gains.

Sales of Fisher Price toys and crafts declined from last year's $133.3m to $121.5m and operating profits from this section dipped by 10 per cent to $22.7m. Profits from U.S. grocery products were up 18 per cent to $23m and from international grocery products up 90 per cent to $9.5m.

The U.S. retailers are generally expected to report lower figures for profits in the last quarter but food stores have long been doing little more than trudge along. Fisher Foods, which operates 140 supermarkets, reported sales up from $387m in the 16-week period, though in the first 40 weeks of the calendar year sales have only risen 2 per cent to $1bn.

Consolidated Foods Corporation, another major foods group, yesterday said that net profits for the current year to June were likely to increase by 10 per cent to 12 per cent from last year's $127.7m, or $4.12 a share. It had previously reported a 10.8 per cent first-quarter gain to $1.13 a share. An increase in the quarterly dividend from 44 cents to 47.5 cents was also announced.

Bond prices continue to fall

BY FRANCIS GHILES

STRAIGHT DOLLAR bond prices continued to fall yesterday. Prices were down by up to ½ point in the morning because of a weak market in New York on Wednesday but there was a slight recovery in the afternoon with prices closing ½ point down on average.

Dealers reported a fairly good two-way market with some retail buying, mostly from continental European centres. The announcement from the U.S. that leading economic indicators rose by 2.4 per cent at an annual rate in September against 1.7 per cent in August had already been discounted.

Prices of foreign D-Mark bonds slipped yesterday by about ¼ of a point but dealers said that no interest was expressed by investors, even at lower levels. The DM 200m 8¾ per cent private placement for Michelin which was launched on Monday by Bayerische Vereinsbank at a price of 99 was quoted yesterday in pre-market trading at 97½.

The West German Ministry of Finance raised the yield on its five-year savings bonds yesterday by 0.41 per cent to 8.66 per cent to bring them in line with yields on domestic D-Mark bonds which have been rising steadily since last week.

Philip Morris, the U.S. tobacco company is tapping the Swiss franc sector for a SwFr 100m 10-year issue through Swiss Bank Corporation. The 5½ per cent coupon is the lowest in this market since August.

The secondary market for Swiss franc foreign bonds closed ¼ of a point up on the day but trading was thin.

Thorn-EMI in U.S. video move

BY JASON CRISP

FOUR INTERNATIONAL companies from Japan, the U.S. and Britain, this week signed an agreement to set up three joint-venture companies to attack the burgeoning videodisc market in the U.S.

Thorn-EMI is to take a 37 per cent stake in two of the companies and will be responsible for their management. The other partners are General Electric of the U.S., with a 25 per cent stake, the Victor Company of Japan (JVC), with 25 per cent and Matsushita 12½ per cent.

The three companies are: VHD Programs, which will buy programmes from film and television companies for distribution, VHD Manufacturing which will make the videodiscs and VHD Electronics which will manufacture and sell the videodisc players.

The four partners said that the first videodisc system would be available in the U.S. in late 1981. Thorn-EMI is only involved with the software company, VHD Programs, which will buy the programmes and will eventually produce its own, and the manufacture of discs.

There are three competitive videodisc systems. The cheapest is RCA's Selectavision followed by the JVC-developed system, which has also been adopted by Toshiba, NEC, Sharp and Yamaha. The third system has been developed by Philips, the Dutch electrical and electronics giant.

Although Thorn-EMI is not involved in the manufacture of disc players in the U.S. it is likely to announce shortly that it will be for the European market.

The new factory making discs in the U.S. is likely to cost between $20m and $30m.

New York Air cleared for shuttle service

By Ian Hargreaves in New York

NEW YORK AIR, the airline recently formed by Texas Air Corporation, has been granted the airport rights it needs to start a cut-price service between New York and Boston and New York and Washington in mid-December.

The Department of Transport announced that New York Air would have 18 daily slots at the crowded Washington National Airport, which is two slots fewer than the airline had hoped for, but enough to enable it to start operations.

The Government department had to make the decision because the air carriers which already serve Washington could not agree on a reallocation — the normal method of space provisions at U.S. airports.

New York Air, a sister airline to Texas Air's Texas International Airlines, hopes to become a major North Eastern carrier using New York as a hub city.

Texas Air is the small company which in the last two years *has attempted to take over* both TransWorld Airlines and National Airlines.

It will offer a one way, reserved seat between the two airports for as little as $29 at weekends, and $49 during the week. Eastern's normal fare for the shuttle is $59 each way, with a return fare of $77 for weekend travel.

Texas Air has spent $130m on secondhand DC 9 aircraft in recent weeks, buying 25 aircraft from European carriers. Some of these will be used to modernise Texas International's fleet, but the bulk are for the expansion of New York Air.

Most U.S. airlines have lost large sums of money this year and Texas Air itself saw its earnings almost eliminated in the third quarter. But Texas is confident that there is room for an extra airline in the North East, which contains some of the country's busiest short haul routes.

Meanwhile Texas Air Corporation has reported a sharp slump in third quarter earnings from $21.9m to $1.4m or 19 cents a share, on revenues of $75.8m against $65.1m. At the nine-month stage, earnings total $3.6m or 51 cents, against $24m, with revenues at $218.1m compared with $167.9m.

Steady advance at General Reinsurance

By David Lascelles in New York

GENERAL REINSURANCE, the largest reinsurance company in the U.S., reported a 19 per cent gain in earnings in the third quarter, despite the extreme weakness of the reinsurance market.

Net income was $39m or $1.79 a share, up from $32.8m or $1.51 in the same period last year. Nine months net was $111m or $5.09, up from $95m or $4.36.

General Reinsurance said the gain resulted partly from an increase in foreign subsidiary writings due to the inclusion of the Trident Group of the UK which it acquired in April. Domestic property and casualty premiums were helped by the addition of a new large account in the third quarter.

St. Paul Companies, the insurance group, saw earnings slip from $113m or $3.39 a share to $108m or $5.15 a share in the first nine months of this year. Revenue edged forward from $1.3bn to $1.47bn. Third quarter earnings improved from $34.9m or $1.67 a share to $36.3m or $1.73 a share on sales of $502m against $459.4m.

Winnebago reduces its losses

BY OUR NEW YORK STAFF

WINNEBAGO, the troubled U.S. manufacturer of motor homes and recreational vehicles, is still not out of the wood. The company announced yesterday that it had cut its losses in the three months ended August 30 to $25,000. A year earlier it had lost $3.6m. Its total losses for its fiscal year ending in August were $13.5m, compared with $4.2m the year before.

The company, which has been hit by consumer anxiety over petrol, by higher interest rates and the general lowering of public expectations about the course of the economy, has seen its sales plummet from the winter of 1978-79 quarterly high of $75.3m. Sales in the three months ended August were $25m—better than the previous quarter's $16m, but below the previous year's $28m. In the year as a whole, sales were $91.4m, compared with $215m in fiscal 1979.

Mr. John Hanson, who has been carrying through a drastic trimming of the company, said yesterday that he was looking for a substantial improvement in the company's performance this coming year.

"Short-term debt was completely retired in July 1980, stocks and overhead expenses were significantly reduced and, despite poor market conditions, the company shows a profit at the motor home business increased by 30 per cent," he declared.

Wall Street analysts had been expecting a loss of 70 cents a share for the year from Winnebago with a further, although smaller, deficit in 1981. The hope inside the industry is that sales will recover in 1981 as credit becomes more easily available, but it is also admitted that this factor may be offset by the effects of a renewed rise in petrol prices.

Canadian steel groups show drop

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN steel industry was hit by the recession in the third quarter, but is now recovering with the outlook for 1981 fairly good, especially if car industry demand picks up and western oil and gas pipeline construction speeds ahead.

Steel Company of Canada, the industry's largest unit, reported third-quarter net profits of C$21m or 52 cents a share, down from C$31.8m or C$1.14 a share a year earlier. Sales were C$535m against C$504m. In the nine months earnings were C$96.5m, or C$3.03 per share, against C$107.7m, or C$3.93 a share, on sales of C$1.6bn against C$1.5bn.

The company said third quarter was adversely affected by a slack market for automobile sheet, higher costs and the start up of a new basic plant in Ontario. Also, offshore sales were higher at internationally competitive prices.

Domestic demand was improving modestly and the large-diameter pipe plants were working at full capacity with excellent prospects for 1981.

Algoma Steel, controlled by the Canadian Pacific group, earned C$15.9m, or C$1.10 a share in the third quarter, against C$27.3m, or C$2.10 a share. Sales totalled C$249m against C$269m. In the nine months Algoma earned C$67.6m, or C$5.02 per share, against C$77.6m, or C$5.95. Sales were C$836m against C$796m.

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The third quarter was affected by lower shipments and lower production with sheet products hit by lower demand from the motor and consumer durable industries.

Motor industry demand has improved recently and orders for rolled products are gaining. Raw steel production should be near capacity for the balance of the year. The company is going ahead with a new seamless tube mill costing C$300m.

Canadian Du Pont slips

BY OUR FINANCIAL STAFF

DU PONT of Canada, which is controlled by E. I. Du Pont de Nemours, the largest chemical group in the U.S., suffered a substantially greater fall in third quarter profits than its parent company. Canadian Du Pont commented that the recession in North America had cut into sales of nearly all of the company's products.

Group sales gained a derisory 2 per cent to $234m. Earnings dropped from C$18.2m or *C$2.31 a share to C$7.1m* (US$6m) or 89 cents a share. At the U.S. parent, earnings fell by 65 per cent in he same quarter.

At the nine-month stage, Canadian Du Pont's earnings sliped from C$40m to C$33.3m or $4.21 a share, while sales show a gain of 11 per cent to C$717m.

Canadian Du Pont markets fibres, fluorcarbons, explosives, petrol additives, chemicals, plastics and films.

Great Basins Petroleum has reduced its loss in the 12 months to July last. Operating loss has fallen from $10.7m or $1.01 a share to $2.4m or 22 cents a share, on the back of a sale increased from $20.1m to $23m.

The board points out that the figures exclude a loss of $390,000 or 4 cents a share from discontinued operations for 1979-80, compared with a similar loss of $105,000 or one cent a share in the previous year. Also, the 1979 figures have been restated for the full cost of new accounting rules.

PanCanadian Petroleum reports increased profits for the first nine months of this year of $178.8m or $5.73 a share, on sales of $416.3m. The comparable period earned $113.9m or $3.65 a share on sales of $295.2m.

U.S. QUARTERLIES

COOPER INDUSTRIES	1980	1979
Third quarter	$	$
Revenue	438.4m	411m
Net profits	34.4m	30.4m
Net per share	0.99	0.88
Nine months		
Revenue	1.34bn	965.5m
Net profits	106.9m	78.3m
Net per share	3.11	2.69

EDISUN BROTHERS STORES	1980	1979
Third quarter	$	$
Revenue	209.7m	199.9m
Net profits	9.2m	10.09m
Net per share	0.80	0.88
Nine months		
Revenue	592.7m	565.7m
Net profits	24.71m	27.66m
Net per share	2.14	2.39

FLEMING COMPANIES	1980	1979
Third quarter	$	$
Revenue	648.4m	583.4m
Net profits	4.02m	3.16m
Net per share	0.63	0.50
Nine months		
Revenue	2.12bn	1.88bn
Net profits	14.24m	11.08m
Net per share	2.24	1.76

PABST BREWING	1980	1979
Third quarter	$	$
Revenue	238.1m	217.6m
Net profits	3.03m	2.67m
Net per share	0.37	0.31
Nine months		
Revenue	571.9m	613.7m
Net profits	10.37m	8.71m
Net per share	1.27	1.02

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international boexists. For further details of these or other bonds nd issues for which an adequate secondary market see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	92¼	92¾	−0⅛	−1⅞	13.09
Citicorp O/S Fin. 10 88	300	86⅜	86⅞	−0½	−2¼	13.52
Citicorp O/S Fin 12 87	200	92½	93	−0⅛	−1⅝	13.67
Con. Illinois O/S 9¾ 86	150	84¼	84¾	−0⅜	−2⅞	13.83
Denmark 11¼ 90	100	91	91½	−0¼	−1¾	13.39
Dome Petroleum 13½ 92	50	96	96½	−0⅛	−3¼	14.74
EEC 11 85 (May)	75	86⅛	86⅝	−0⅛	−2⅜	13.12
EEC 11 85 (Aug.)	70	85⅛	85⅝	−0⅛	−2⅞	13.29
EIB 13¾ 90	100	99¾	100¼	0	−2⅜	13.73
Eksportfinans 9½ 87	75	84⅜	84⅞	−0⅜	−1⅞	13.05
Elec. de France 10 88	125	86	86½	−0⅜	−2¼	12.90
Export Dv. Cpn. 12¾ 87	100	97¾	98¼	0	−2	13.18
Export Dv. Cpn. 9½ 85	150	85½	86	−0⅜	−2⅜	13.45
Federal Dev. Bk. 12¼ 85	75	96⅛	96⅝	−0¼	−2⅜	13.31
Fin. Exp. Credit 10½ 85	50	89⅝	90⅛	−0⅛	−1⅜	13.52
Finland Rep. of 9½ 86	100	84⅞	85⅜	0	−1⅛	13.57
Ford O/S Fin. 12⅜ 85	250	94⅞	95⅛	−0½	−3¼	14.09
GMAC O/S Fin. 13⅜ 85	100	99½	100	−0⅛	−1⅞	13.39
GMAC O/S Fin. 12 87	100	92⅜	92⅞	−0⅛	−2½	13.70
GMAC O/S Fin 11¾ 87	100	92⅜	92⅞	−0⅛	−1⅝	13.44
Goodyear O/S 12½ 87	75	95	95½	−0¼	−2¾	13.59
Hudson's Bay 11½ 90	75	89¼	89¾	−0⅜	−2⅜	13.48
IBM Canada 10½ 85	50	92⅝	93⅛	−0⅛	−1⅞	12.57
Int. Harvester 12¾ 85	115	96½	97	−0⅛	−1⅛	13.68
J. C. Penney Int 12⅛ 86	100	94⅝	95⅛	+0½	−0½	13.71
McGraw 13½ 86	75	97½	98	−0⅛	−2¼	14.14
NorWest Ind. 13⅝ 87	50	97⅛	97⅝	0	−1⅜	14.21
Nova Scotia 10¾ 90	50	85½	86	0	−2⅜	13.44
OKB 10 85	50	89½	90	−0⅛	−1⅜	13.01
Pemex 11½ 88	100	88⅜	88⅞	−0½	−2⅜	13.97
Quebec Hydro 11½ 92	100	87¾	88¼	−0⅜	−1⅜	13.58
Repsteel O/S 11½ 88	100	84	84½	−0⅜	−3¼	14.06
Roylease 11⅛ 85	50	92¾	93¼	−0⅜	−2⅜	13.32
SNCF 12⅛ 85	50	97¾	98¼	−0¼	−2¼	12.97
Sweden 12⅛ 85	150	96⅜	96⅞	−0⅛	−2	13.34
Swed. Ex. Cred. 12½ 85	40	96¾	97¼	+0⅛	−2⅛	13.37
Swed. Ex. Cred. 12 83	50	96¼	96¾	0	−1⅜	13.50
Transamerica 12⅜ 83	50	96⅛	96⅝	0	−0⅞	13.94
UER Overseas 13½ 88	50	†92½	93	−0⅛	−1	16.12
Unilever NV 9¾ 90	100	81⅜	81⅞	−0⅜	−2¼	13.19
World Bank 9¾ 85	200	88	88½	−0⅜	−2¾	13.27
World Bank 10¾ 87	300	87	87½	−1½	−2⅞	13.22

Average price changes... On day −0⅜ on week −2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8¾ 90	250	95¾	96¼	+0⅛	−1⅞	8.74
Austria Rep. of 8¼ 92	150	95	95¾	−0¼	−1⅛	8.89
BFCE 7¾ 87	100	93	93½	0	−1½	9.18
BFCE 8½ 95	100	93½	94⅛	−0¼	−1⅞	8.88
CECA 7⅞ 92	150	93	93¾	−0¼	−0⅞	8.79
CII-Honeywell 8⅛ 90	125	96	97	+0⅛	−1	8.92
Denmark 7⅞ 86	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 8½ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7⅞ 94	225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland. Rep. of 8 86	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Iberduero SA 8 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 7⅝ 87	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe, City of 8 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Bk. Denmark 8½ 90	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 7½ 85	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nuclebras 9¾ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 8¼ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 8¾ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 9¾ 87	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8 90	700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 7⅞ 90	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 88	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 90	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5½ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer Int. Fin. 5¾ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of 6 90	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BMW Overseas 4¼ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Buhrm'n-Tetterode 7 90	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen Tele. 5¾ 90	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 5¾ 90	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¾ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elet. de France 5¾ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 5¾ 92	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. G. H. Hypo Bk. 6 90	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland Rep. of 5¾ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4¾ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 7 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 5¾ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jutland Tele. 5½ 90	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mt. Blanc Tunnel 5½ 90	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newag 5¾ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Tel. & T. 4¼ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4½ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4¾ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 4¾ 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, City of 5⅞ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 5¼ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui Pre. Hms. 6 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku El. Pwr. 4¾ 89	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade Dev. Fin. 6½ 90	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 5¾ 90	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4½ 89	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6½ 88	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ 89	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.6 83	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6 8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 8¾ 87	16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 13½ 85 C$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 11½ 85 C$	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Dev. 11½ 90 C$	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fst. Can. Inv. 10 84 C$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Canada 10 86 C$	40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tordom Cpn. 13½ 85 C$	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Domk. 9 91 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOFTE 8¼ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nrwy 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 10¼ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F G Hypo 9¾ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Inv Bk. 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Neder 9½ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neder Mdn Bk 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aero Paris 13¼ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 14¼ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11½ 89 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM France 11⅞ 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renault 9¾ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et Cie 9¾ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Mex Sts 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial Fin. 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 14½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 13¾ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co 12½ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed Ex. Cr. 15¾ 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8¼ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8⅛ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8½ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10½ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9⅝ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk 5¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Ireland 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S Inv. 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bilbao Int. N/V 5¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Itoh 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk 6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Creditanstalt 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5¾ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jugobanka 8 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Charting a boom in world trade

BY GEOFFREY OWEN

THE 15 years preceding the recession of the mid-1970s brought a rate of expansion in world manufacturing output, and still more in world trade in manufactures, which is without parallel over a period of comparable length for at least 100 years. World trade in manufactures trebled in volume during this period.

The most dynamic element was trade between industrial countries—the rise in imports as a proportion of their domestic consumption was much higher than could have been predicted on the basis of earlier experience. The appetite for imports of manufactures among semi-industrial and non-industrial countries was also greater than earlier trends had suggested.

Was the 1960-1975 period a golden age for world trade, brought about by special factors which are unlikely to recur? In a book* published yesterday, three economists from the National Institute of Economic and Social Research explain why world trade increased as it did in the 1960s and offer some predictions for the future.

They are building on an earlier NIESR study by Alfred Maizels (Industrial Growth and World Trade, Cambridge University Press, 1963) which examined relationships between industrial growth and trade in manufactures for selected years from 1899 to 1959. Maizels thought that the very fast rise in world trade in 1950-59 was largely a catching-up from the depressed conditions of the 1930s and would not be maintained.

The new NIESR study attributes the exceptionally rapid growth of trade during the 1960s to four factors: reductions in trade barriers, the activities of multinational enterprises, technological developments which created new products where economies of scale are significant and which commanded a mass market, and shifts in the location of production to areas where labour was prepared to work as hard and as skilfully as in the older industrial areas for a lower real wage.

The period included almost all the major tariff-cutting exercises of the post-war years—the Dillon and Kennedy rounds of GATT negotiations, the formation of the original EEC and EFTA and the Canadian-United States Automotive Agreement.

Within Europe integration encouraged intra-industry as opposed to inter-industry specialisation in production and trade. "Other things being equal," the authors state, "intra-industry trade entails a higher ratio of imports to output than inter-industry trade. The exchange of Renaults as well as French perfumes for Volkswagens as well as specialised German optical equipment will lead to more trade both ways than if France exports perfume but not cars to Germany and Germany only optical equipment to France."

Tariff reduction encourages the production of components in different locations to take advantage of economies of scale—a practice associated with multinational enterprises. The outstanding example in Europe is IBM, which has contributed a great deal to the phenomenal growth of intra-European trade in computers and associated equipment. The authors believe that investment by multinational companies has had a substantial trade-promoting effect.

These companies have tended to be the leaders in products for which world demand has grown most rapidly, such as motor vehicles, organic chemicals and computers. But the Japanese case shows that multinational are not necessary for the development of technologically advanced industries.

"It is the character of the goods themselves rather than their production by multinational enterprises that has contributed to the exceptional growth of trade. Technology makes the new product with a high growth potential, economies of scale encourage production for international rather than national markets, and mass consumption makes possible not only large-scale production but also a high rate of growth."

The fourth factor listed as promoting trade in the 1960-75 period is of a different kind and there was only one major example of its operation—Japan. "Japan was a special case, not perhaps so much because of the high quality of labour of all kinds combined with lower average real earnings as in its wholly exceptional dependence on imported raw materials and fuels. Had Japan been able to supply a higher proportion of its requirements, the pressure to export in order to finance imports essential to maintain a high rate of economic growth would have been much less . . . Japan is the outstanding 20th century example, as Britain was the 19th century example, of trade-promoting growth and of international specialisation according to factor endowments."

Have the events of the last five years, including the huge rise in the price of oil, condemned the world economy to permanently slower rates of growth? In the 10 years before the recession OECD countries' aggregate GDP was increasing at 5 per cent a year and the annual rate of rise in manufacturing production was about 6 per cent. The authors point to several factors which make it unlikely that total output or the share of manufacturing within it will again increase so rapidly during the rest of the century.

The scope for increasing output by changes of occupation within the labour force (e.g. from agriculture into manufacturing) is now greatly reduced. There is greater resistance to mobility both between occupations and geographically. Moreover, the main occupational change will be out of manufacturing into services, where productivity improves much more slowly.

The declining share of profits, especially post-tax, in the national income of most of the industrial countries may have a depressing effect on capital investment. In the last two decades of the century an annual rate of growth closer to 4 than to 6 per cent may be in prospect for OECD countries collectively.

Unrealistic

In the developing countries the annual rate of increase in real GDP went up from 4.7 per cent between 1950 and 1960 to 5.6 per cent in the next 13 years, but then declined slightly to 5.4 per cent between 1973 and 1977. To meet the UNCTAD objectives of a 7½ per cent annual rate of growth would require an increase in the ratio of investment to GDP which looks unrealistic—not least because of the reluctance of investors in the advanced countries to commit capital to the Third World. The developing countries are unlikely to be able to afford a rate of growth in real GDP of more than 5½ per cent a year.

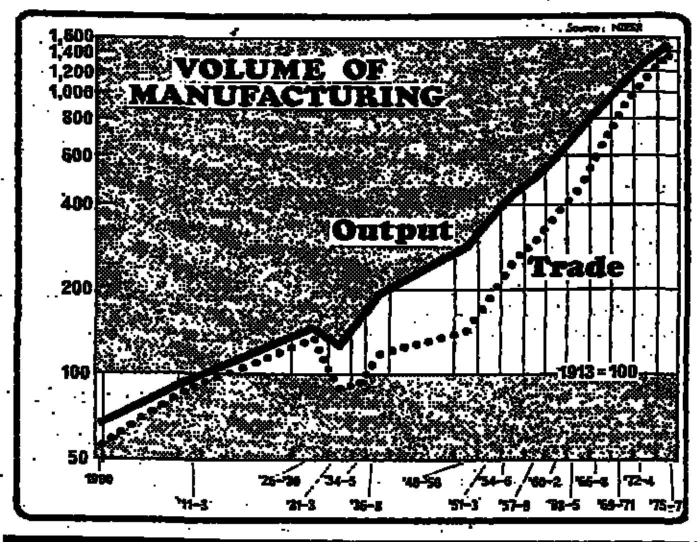
As for world trade, any stimulus from further tariff cuts will be limited, but the authors suggest that the long-term effect of reductions already implemented may continue to encourage a growth of trade at a rate which is high by historical standards, if not by those of the 1960s and 1970s. There could be further development of intra-industry trade within Europe, where trade interdependence is still far below the level recorded between the different states of the U.S. This depends on the removal of non-tariff barriers which impede integration.

The authors note that the rise in the U.S., UK and German import ratios from 1963 to 1971 could not wholly be accounted for in terms of tariff cuts and competitive weakness; there was an unexplained residual. "It is possible that in consequence of the spread of industrialisation and the development of new technologies and new products the normal import ratio for a large country is rising. If so this would be a factor in making for faster growth of trade—especially if Japan were to begin to exhibit a development pattern similar to that of other large mature industrial economies."

Against this is the danger that non-tariff barriers will inhibit the growth of trade as protectionism limited it during the 1930s. The authors argue that the industrial countries should be able to cope with the likely growth in manufactured exports *from the developing countries*—although "they will not, if they can help it, allow the emergence of any more Japans with a high propensity to export and a low propensity to import manufactures."

The strength of demands for protection will depend very much on the rate of economic growth sustained by the industrial countries. "The experience of the 1970s prompts a fairly optimistic forecast of the growth of world trade. So far as imports into the industrial countries are concerned, there is still sufficient impetus to keep trade growing at a rate above the historical average provided that output also continues to grow reasonably fast."

* *Industrialisation and the basis for trade, by R. A. Batchelor, R. L. Major and A. D. Morgan. Cambridge University Press, £17.50*



THE GROWTH OF IMPORTS 1899—1971

The figures give the percentage of imports in domestic supplies of manufactured goods among large industrial countries

	1899	1913	1950	1959	1963	1971
UK	16	17	4	6	9	16
France	12	13	7	6	12	19
Germany	16	10	4	7	9	17
Italy	11	14	8	8	13	15
U.S.	3	3	2	3	3	8
Japan	30	34	3	4	4	5
Total	9	8	3	4	6	11

Source: NIESR

BASE LENDING RATES

A.B.N. Bank 16 %	■ Hambros Bank 16 %
Allied Irish Bank 16 %	■ Hill Samuel §16 %
American Express Bk. 16 %	C. Hoare & Co. †16 %
Amro Bank 16 %	Hongkong & Shanghai 16 %
Henry Ansbacher 16 %	Keyser Ullmann 16 %
A P Bank Ltd. 16 %	Knowsley & Co. Ltd. 18 %
■ Arbuthnot Latham 16 %	Langris Trust Ltd. 16 %
Associates Cap. Corp. 16 %	Lloyds Bank 16 %
Banco de Bilbao 16 %	Edward Manson & Co. 17 %
BCCI 16 %	Midland Bank 16 %
Bank of Cyprus 16 %	■ Samuel Montagu 16 %
Bank of N.S.W. 16 %	■ Morgan Grenfell 16 %
Banque Belge Ltd. 16 %	National Westminster 16 %
Banque du Rhone et de la Tamise S.A. 16½ %	Norwich General Trust 16 %
Barclays Bank 16 %	P. S. Refson & Co. 16 %
Bremar Holdings Ltd. 17 %	Rossminster 16 %
Brit. Bank of Mid. East 16 %	Ryl. Bk. Canada (Ldn.) 16 %
■ Brown Shipley 16 %	Schlesinger Limited 16 %
Canada Perm't Trust 17 %	E. S. Schwab 16 %
Cayzer Ltd. 16 %	Security Trust Co. Ltd. 17 %
Cedar Holdings 16 %	Standard Chartered 16 %
■ Charterhouse Japhet 16 %	Trade Dev. Bank 16 %
Choulartons 16 %	Trustee Savings Bank 16 %
C. E. Coates 16 %	Twentieth Century Bk. 16 %
Consolidated Credits 16 %	United Bank of Kuwait 16 %
Co-operative Bank *16 %	Whiteaway Laidlaw 16½ %
Corinthian Secs. 16 %	Williams & Glyn's 16 %
The Cyprus Popular Bk. 16 %	Wintrust Secs. Ltd. 16 %
Duncan Lawrie 16 %	Yorkshire Bank 16 %
Eagil Trust 16 %	
E. T. Trust Limited 16 %	
First Nat. Fin. Corp. 18 %	
First Nat. Secs. Ltd. 18 %	
Robert Fraser 16 %	
Antony Gibbs 16 %	
Greyhound Guaranty 16 %	
Grindlays Bank ‡16 %	
■ Guinness Mahon 16 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14¼%, and over £50,000 15%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14¼%.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published on the following dates in the remainder of 1980:

November 11 December 16

There is a limited amount of advertising space available each month; if your company is interested in taking advantage of this offer please contact:

The Financial Advertising Department on 01-248 8000 Ext. 266 or 389

APPOINTMENTS

Avon Rubber directors

Mr. John Pinckard, chief executive of the Serck Group, and Mr. Ian Weston Smith, chairman of the Morgan Crucible Company, have been appointed additional non-executive directors on the main board of AVON RUBBER COMPANY from tomorrow.

★

Mr. John P. Robertson and Captain M. Y. Stone have been elected directors of FURNESS WITHY AND CO. Mr. Robertson is chairman and managing director of Furness Withy (Chartering). Captain Stone is a director of Orient Overseas Container (Holdings) and managing director of Dart Container Services.

★

ATCOST has made the following appointments: Mr. Terry Butcher and Mr. Jim French have joined the board of Atcost Structures. Mr. Mike Duhig has become a director of the group's Eastleigh-based company, Atcost Projects, and Mr. George Maw joins the board of the firm's manufacturing subsidiary, Atcost Concrete.

★

At the annual meeting of the INSTITUTION OF ELECTRONIC AND RADIO ENGINEERS Mr. John Powell was elected president for 1980-1981. He succeeds Professor William Gosling.

★

Mr. David Palmer has been appointed Deputy Editor of the FINANCIAL TIMES from January 1, 1981. Mr. Joe Rogaly, Managing Editor, Mr. J. D. F. Jones, Associate Editor and Mr. Nicholas Colchester, Foreign Editor.

★

Mr. Gordon A. Rogers, deputy financial director, has been appointed financial director of the LONDON ELECTRICITY BOARD in succession to Mr. James Smith.

★

Mr. A. J. Taylor, previously deputy president of the PROCESS PLANT ASSOCIATION, has been elected president in succession to Mr. Roger Kingdon who is taking up a new appointment outside the process plant industry.

★

Mr. Peter Godfrey has been elected senior partner of ERNST AND WHINNEY from tomorrow to succeed Mr. Dennis Garrett, who is retiring from the firm.

★

DELOITTE HASKINS AND SELLS, chartered accountants, announces the following admissions to partnership from November 1. Mr. A. T. Robert MacFarlane to the UK and Liverpool firms; Mr. Peter J. Meader to the UK and London firms; Mr. Paul J. Twamley to the UK and Newport firms; Mr. Nicholas R. B. Barron to the UK and Southampton firms; and Mr. Diarmuid P. Murray to the Dublin office of the Republic of Ireland firm. Mr. Edward T. Peers and Mr. Geoffrey J. N. Smart have been admitted to partnership in the firm of Deloitte Haskins and Sells Associates from November 1. Mr. Ingram A. T. Legge has resigned his partnership from the Liverpool firm of Deloitte Haskins and Sells, to read for a law degree at Cambridge University from October 31.

★

LEINER GELATINS has formally announced the composition of its board. Mr. M. W. Kaye is chairman; Mr. T. J. Loveland, managing director; Mr. A. Henry, finance director; Mr. I. E. M. Hughes, marketing director; Dr. R. K. Merritt, production director; and Mr. W. Campbell Allan, non-executive director. Dr. D. Thomas will join the board as technical director on January 1, 1981.

★

Mr. John A. Pike has been made vice-president, new product development, of SWEARINGEN AVIATION CORPORATION.

★

PENTAX (UK) has made the following appointments: Mr. Geoffrey Lloyd, financial controller, is appointed finance director and company secretary and Mr. John Raddon, general manager (sales and marketing), has become director of sales and marketing. Mr. H. Tsuge, European treasurer of Asahi Optical, Europe, has also been appointed to the board.

★

Mr. Cecil Berens having reached the age of 72 will retire as chairman and resign as a director of SOVEREIGN OIL AND GAS on December 31. Mr. C. E. A. Hambro, chairman of Hambros Bank, has been elected a director and appointed chairman from January 1. Mr. J. C. L. Keswick, an executive director of Hambros Bank, has also been elected a director.

★

Mr. Bernard Friend, member for finance, British Aerospace has been appointed to the Boards of the IRON TRADES INSURANCE GROUP.

★

Mr. John McMahon has been appointed as the new commercial director of TELFORD DEVELOPMENT CORPORATION in Shropshire. He is currently the assistant director of development in the estates department of Peterlee Development Corporation. He succeeds Mr. Bob Tilmouth, who has become general manager of Washington Development Corporation.

★

Mr. David Fookes has been made a director of GRUNDFOS PUMPS, the British subsidiary of the Danish-based Grundfos pump manufacturing company. Mr. Alan Bradley has been appointed production director of the company's British manufacturing subsidiary, Grundfos Manufacturing.

★

Mr. Michael Tyrrell has been appointed actuary of the CRUSADER INSURANCE COMPANY. He succeeds Mr. W. D. Scattergood who has retired.

★

Mr. Nigel Harrison has been appointed financial director for THOMSON TRAVEL. Mr. Roger Heape has been promoted to the position of marketing director of Thomson Holidays, while Mr. Martin Brackenbury has joined Thomson Holidays as personnel director.

★

Mr. Jacques W. Zoller has been appointed a director of GLOBAL NATURAL RESOURCES, the U.S.-based oil and gas exploration company.

★

Mr. Stanley Samwell, a senior partner in Josolyne Layton-Bennett and Co. has been elected president of the INSOLVENCY PRACTITIONERS ASSOCIATION for the year 1980-81.

★

Mr. S. L. Keswick, Mr. R. P. d'Ambrumenil and Mr. M. P. Dawson have been appointed directors of GLANVILL ENTHOVEN AND CO. (UNDERWRITING).

★

Mr. Philip Carter, managing director of the Littlewoods Organisation, has become chairman of the MAN-MADE FIBRE PRODUCTION SECTOR WORKING PARTY.

★

Mr. J. H. Evers, the London Metal Exchange, has been appointed chairman of the FEDERATION OF COMMODITY ASSOCIATIONS covering the EEC. Mr. W. R. Pick, E. G. Cornelius and Co., has become chairman of the BRITISH FEDERATION OF COMMODITY ASSOCIATIONS.

★

At DENTSPLY INTERNATIONAL INC. Mr. Bernard J. Beazley has become senior vice-president—professional relations and Mr. John R. Behrmann senior vice-president—finance.

★

Mr. R. F. Craig, general manager of Frasers of Glasgow, is appointed managing director of A. C. ILLUM A/S of Copenhagen. Mr. J. C. Howie, deputy property controller, has been appointed property controller of House of Fraser, following the retirement of Mr. D. R. H. Donald on grounds of ill-health.

★

Mr. John Pollard is retiring as finance director of MARLEY. He has also resigned as director of certain overseas subsidiaries.

★

Mr. Neville Holmes, marketing director (consumer products) of Storey Brothers and Company, has been appointed divisional marketing director of ARTHUR SANDERSON AND SONS with responsibility for fabrics, wallcoverings, paint and carpets. He succeeds Mr. M. J. R. Jeremy, who has relinquished his executive responsibilities.

★

Mr. B. H. Nathan and Mr. K. J. McQueen have been appointed to the Board of GENERAL MINING UNION CORPORATION (UK) (the London operating subsidiary of General Mining Union Corporation of South Africa). Mr. Nathan is managing director of Ayrton Metals, dealers in platinum group metals and a subsidiary of Impala Platinum Holdings. Mr. McQueen has recently joined General Mining Union Corporation (UK) to take charge of recruiting for the Gencor Group in the UK.

★

Mr. C. M. Hough, chairman and managing director of the Rees Hough Group, has been appointed chairman of the UK PIPE JACKING ASSOCIATION in succession to Mr. W. R. Reid, a director of the Tube Headings division of Cementation Mining, who retires following two years in office. Mr. A. Moss, a director of *Delta Construction*, has been appointed vice-chairman.

★

Mr. John K. Adams has been appointed marketing director of BRITISH POLAR ENGINES, Glasgow, the principal subsidiary of Associated British Engineering.

★

Mr. Edward W. Jackson, formerly chief dealer of Sumitomo Trust and Banking Co., will join LIBRA BANK as senior manager—treasury on November 3.

★

Mr. Gerald H. Cookson has been appointed from November 1 a regional director of the Northern regional Board of LLOYDS BANK.

★

Mr. Alan H. Siddons has become financial director and company secretary of WELLMAN INCANDESCENT on the resignation of Mr. David Westhead. Wellman Incandescent is a subsidiary of the Wellman Engineering Corporation of London.

INTERNATIONAL COMPANIES and FINANCE

WALL ST. AND THE ELECTION

Flying the Republican colours

BY DAVID LASCELLES IN NEW YORK

THE "REAGAN RALLY" is what Wall Street pundits have already dubbed this summer's extraordinary surge in share prices which took the Dow Jones Industrial Average within a whisker of the magic 1,000 mark for the first time in four years.

Actually, the surge had as much to do with hopes of U.S. economic recovery as with wagers on Mr. Ronald Reagan winning the Presidential election next Tuesday. But Wall Street likes to nail its Republican flag to the mast, and it has missed few opportunities to boost the Reagan cause through-out the election campaign, although deep down it probably suspects that the key to its fortunes in the next four years lies not so much with the White House as with Congress.

Wall Street wants Mr. Reagan for all the obvious reasons. It perceives him to be more pro-business than President Jimmy Carter. It also thinks he will do a better job of fighting inflation and curing such economic ills as poor productivity and a meddling bureaucracy. By extension, this means healthier credit and stock markets and, possibly, an end to the financial traumas which have marked the second half of Mr. Carter's term.

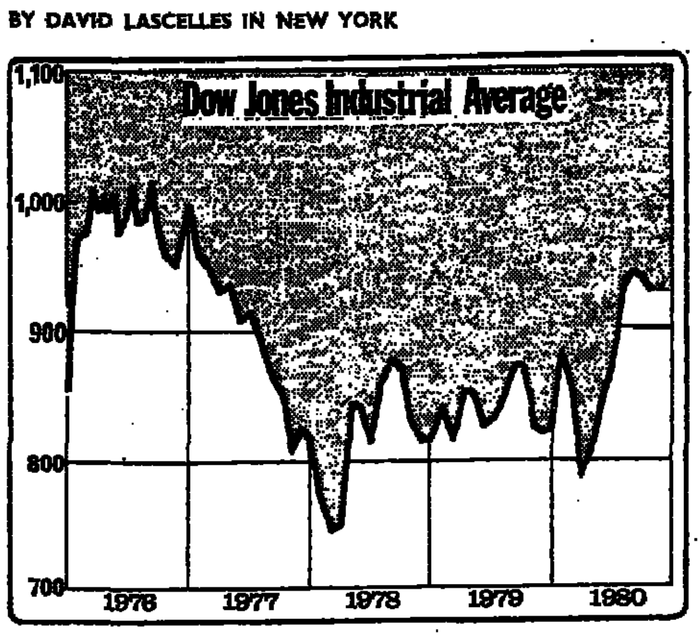
It also prefers his tax cut proposals to Mr. Carter's because they are bigger and promise relief to both business and individuals.

But, as the grandeur of this vision suggests, Wall Street's hopes for Mr. Reagan contain a big dose of wishfulness, uncharacteristic of a community which prides itself on scepticism.

Anyone who delves deeper quickly discovers nagging doubts about Mr. Reagan as well. The biggest is over his ability to square his budget. In his election "platform" he promises both to cut taxes and increase defence spending, twin goals which would seem to knock the props from under his third big promise which is to reduce the federal deficit on the way to balancing the budget by 1983.

Mr. Reagan and his advisers refuse to accept there is a contradiction here, arguing that their industrial policy will stimulate a surge in production which will yield higher profits and more taxes. Many economists, needless to say, remain unconvinced, which means they are not completely sold on his ability to bring down inflation and interest rates either.

In this respect, Wall Street takes a somewhat different view of Mr. Reagan than industry. Whereas U.S. manufacturers and producers want policies which will get the economy going again and make the production process easier (by, for example, deregulation), the financial community attaches equal importance to the fight against inflation. And unless a new Administration can show success on both fronts, Wall Street's markets are bound to remain weak.



Generally, though, there can be few places in the U.S. with a thicker concentration of blue "Reagan for President" lapel buttons than Wall Street.

By contrast, Wall Street feels little, if any, affinity to Mr. Carter, whom it scorns for his failures of the last four years. But again one can scratch down to a different level, this time to find a grudging respect for his dogged pursuit of such goals as oil price decontrol—when he could have frozen prices as a quick fix for inflation—and his resistance to calls both for wage and price controls and for protectionism. He also earns some credit for appointing Mr. Paul Volcker as chairman of the Federal Reserve Board.

Mr. Carter's recent proposals to revitalise industry, embryonic though they may be, are also held to be encouraging.

On balance, though, another four years of Mr. Carter is something Wall Street feels it could well do without.

Mr. Carter's first term contained more than its share of economic crises, including the highest U.S. interest rates since the Civil War more than 100 years ago. Apart from the fact that this brought the credit markets to a virtual standstill last March and gave the stock market a very bumpy ride, it also threatened to drive many Wall Street houses and banks out of business. (Miraculously, the number of casualties was small).

Mr. Carter's failure to control federal spending and curb the deficit is seen as another big liability. And the fears are that if he is re-elected he will only lead the economy back into soaring prices and interest rates. Small wonder that when the opinion polls last week showed Mr. Carter catching up on Mr. Reagan, if not actually ahead, that share and bond prices tumbled in alarm.

The bottom line, to use Wall Street's favourite phrase, is that a Reagan win is bound to cheer the market up, and a Carter win depress it. But both reactions are just as likely to be short-lived. No one on Wall Street deludes himself that change comes quickly, and the fundamentals for 1981 are already embedded in the equivalent of economic concrete: a huge federal deficit, higher oil prices, and an underlying inflation rate of 8 to 10 per cent.

Whether things will change later is a different matter. But a President from either party will have to win congressional approval for his programmes, and for this reason Wall Street's analysts will be watching as much for a shift in the distribution of congressional seats as for a big majority for their candidate.

Swedish shipping group deficit deepens

By Westerly Christner in Stockholm

BROSTROM Shipping Company, the Swedish shipping group, experienced a further deterioration in its performance with its net loss for the first eight months rising to SKr 91m ($21.5m) from the SKr 62m loss made during the corresponding period a year ago.

The deterioration was attributed in the interim report to investment costs associated with tonnage purchases and a freight war in the northern Atlantic traffic. Consolidated turnover reached SKr 1.44bn ($330m) during the eight months, aginst SKr 1.45bn.

For 1980 as a whole, the board predicts an improvement compared with last year's net loss of SKr 100m on turnover of SKr 2.17bn. It is expected that continued cost-cutting measures and investment in such new areas as real estate will help lead to a further recovery in 1981.

Contributing to the eight-month loss was this spring's domestic labour disruptions, which were said to have lopped off about SKr 25m in earnings. During the eight months an improvement was noted for the bulk and liner division, which is expected to announce a pooling of services with another Swedish shipping company, Transatlantic, on November 7.

Sales of vessels and stock gains amounted to income of SKr 102m during the period. Group investments totalled SKr 71m, of which SKr 42m was accounted for by tonnage purchases.

Four French textile makers plan merger

BY DAVID WHITE IN PARIS

FOUR FRENCH woollen textile companies have drawn up the details of a merger plan which represents the biggest restructuring to take place in the troubled French textile industry for two years.

The new group, based in the north of France and formed around the debt-laden Lainiere de Roubaix, will have a combined annual turnover of around FFr 5bn ($1.2bn). The companies, which already had close financial, industrial and commercial links, will be brought together under the name Prouvost, with the main French manufacturing operations regrouped under the name Lainiere de Roubaix.

The merger creates one of the top textile concerns in the country, alongside Dollfus-Mieg in the east, its northern rival Agache-Willot, the retail and textile group which took over the bankrupt Boussac concern in 1978, and the synthetic fibre division of Rhône-Poulenc.

It will have a combined work-force of about 21,500. According to Lainiere de Roubaix, the merger is not expected to lead to staff cuts.

Lainiere de Roubaix is only now coming out of a tough recovery programme. It recorded a pre-tax profit at group level of FFr 35m in the first half of this year, against a FFr 5m loss in the same period last year. Sales showed a modest increase to FFr 1.55bn from FFr 1.50bn.

It is one of two quoted companies involved in the deal, the other being Prouvost. Under the merger terms, which shareholders from all four companies are to vote on in December, Prouvost shareholders will receive 13 Lainiere de Roubaix shares for each one of theirs. On the basis of latest quoted prices this values Prouvost's shares at FFr 470 compared with the current level of FFr 390 on the Lille bourse.

Prouvost, a holding company, registered a net loss of FFr 885,000 in the first half year. The affiliated company Prouvost et Lefebvre, which is active in international wool trading, showed a profit of FFr 2.85m.

Prouvost et Lefebvre shares will be exchanged on the basis of 45 Lainiere de Roubaix shares for two of its own.

The fourth company, also closely related, is Societe Auxiliaire de l'Industrie Textile (SAIT), whose shares will be exchanged at a rate of 39 for eight.

The merger is seen as bringing together complementary activities ranging from raw wool to clothing under one management, and as strengthening Lainiere de Roubaix's financial base.

Prouvost and Prouvost et Lefebvre were already important shareholders in Lainiere de Roubaix, with 17 per cent and 24 per cent respectively.

Axel Johnson subsidiaries mixed

BY OUR STOCKHOLM CORRESPONDENT

THE TWO leading groups within the Axel Johnson group, A. Johnson and Company and the Nordstjernan group, have shown mixed results for the first eight months of the year.

The A. Johnson and Company group showed net earnings of SKr 15.2m ($3.6m) for the eight months, SKr 13m less than reported during the corresponding period in 1979. Consolidated turnover rose to SKr 3.4bn ($803m) from SKr 3bn.

For 1980 as a whole, the management expects a further earnings improvement from the interim period. Last year's net earnings amounted to SKr 51m on turnover of SKr 5.03bn.

Group investments amounted to SKr 15m during the period, and while group liquidity was somewhat weakened compared with the previous period the report states that it is "still good."

The other leading group within the Axel Johnson group, the Nordstjernan group, reports net earnings of SKr 115m for the first eight months of the year, a substantial improvement from the SKr 9m registered during the corresponding period in 1979. The improvement mainly was attributed to recoveries in the special steels and shipping units.

Consolidated turnover reached SKr 4.9bn during the eight months, against SKr 3.6bn. During the period extraordinary income was SKr 119m, of which SKr 111m was derived from a transfer of shares in J. S. Saba, the produce importing firm, to NK-Ahléns. For 1980 as a whole the management expects a further improvement.

SKF offers stock swap to French minority interests

BY WESTERLY CHRISTNER IN STOCKHOLM

SKF, the Swedish bearings and steel manufacturer, is offering its minority shareholders in the company's French subsidiary, SKF Compagnie d'Applications Mecaniques (SKF-CAM), a five-for-three stock swap against shares in the Swedish parent company.

The Swedish company hopes to acquire the remaining 11 per cent outstanding shares in SKF-CAM, which makes bearings through the share swap.

After an operating loss in 1979, the French unit was back in the black by June this year. Altogether, SKF's total French activities contributed SKr 1.45bn ($343m) to consolidated turnover last year, and was the fourth largest manufacturing company within the group with 5,500 employees.

Of SKF's five West European bearing manufacturing units—including Italy, Germany, Great Britain and Sweden—the French unit is the only one which is not 100 per cent owned by the parent company.

Nestle sets up committee

NESTLE, the Swiss parent company of the Nestlé group, has set up an executive committee which is intended to solve problems connected with the management of subsidiaries, "particularly the maintenance and, where possible, the improvement of the profitability," reports John Wicks in Zurich.

Hachette share buying starts takeover rumours

BY OUR PARIS STAFF

ACTIVE BUYING of shares in the Hachette publishing and press group on the Paris stock market in recent weeks has given rise to speculation about a possible takeover.

About 145,000 shares, or 8 per cent of the total, are reported to have changed hands on the cash and forward markets between July and September and buying pressure has continued this month amid conflicting rumours about the identity of the purchaser or purchasers.

Hachette, the leader of its sector in France, suffered a sharp fall in its net profits last year to FFr 97m ($22.5m) from FFr 179m after reaping large capital gains the previous year as a result of reorganisation. The group is facing problems in book publishing, but other sectors are generally regarded as promising.

Winterthur expects static profit

By John Wicks in Zurich

PROFITS AT about the 1979 level of SwFr 60.4m ($35.53m) are expected for the current year by Winterthur Swiss Insurance Company.

While underwriting results are expected to show a slight deterioration over the year, the company sees investment income growing 8 to 10 per cent.

The group also forecasts a repeat of 1979 results by its subsidiary, Winterthur Life Insurance Company, which last year had net profits of SwFr 4.7m ($2.76m), after transfers to the insurers' profit-sharing fund.

In the group's non-life sector, premium growth in Switzerland is likely to outpace last year's 6.7 per cent rate, while on foreign markets falling below the 1979 growth rate of 14.2 per cent in the life assurance sector, however, premium growth abroad should match or surpass the 13.2 per cent booked last year.

A "very high" increase rate is expected in the re-insurance sector, although this will be the result partially of changes in accounting practice. Due to this development, combined group premiums are expected to increase by more than the 9.6 per cent which brought them up to SwFr 3.35bn ($1.97bn) last year.

In the case of the British-Swiss-Japanese joint-venture Norwich-Winterthur, growth should be more than double last year's 12.6 per cent.

KLM sees loss despite upturn

BY CHARLES BATCHELOR IN AMSTERDAM

KLM-ROYAL DUTCH Airlines expects to incur a loss this year, its first since 1975; despite an upturn in profits in the second 1980-81 quarter. Markets have deteriorated as a result of the hesitant world economy and recent increases in tariffs.

The Du7tch national airline increased second quarter net profit by 48 per cent to Fl 91.4m ($515m). Operating costs, including depreciation, rose 14 per cent to Fl 952m.

The operating result before interest rose 70 per cent to Fl 101.8m. A more than doubled interest charge of Fl 9.4m and the move into a loss on extraordinary items compared with last year's profit of Fl 5.7m reduced the improvement at the net level. Profit per Fl 100 nominal share rose to Fl 22.94 from Fl 15.54.

Despite the improvement in the second quarter, the airline's first-half result was lower than in the same period last year. Net profit fell 14 per cent to Fl 79.4m on revenues which were 19 per cent higher at Fl 1.99bn. Operating costs rose 20 per cent to Fl 1.89bn.

The first-half operating result rose 7 per cent to Fl 98.8m. However, the 145 per cent rise in the net interest charge to Fl 20.6m and the sharp decline in extraordinary earnings led to the fall at the net level. Profit per share fell to Fl 23.08 from Fl 19.92.

KLM carried only 1 per cent more passengers and freight in the second quarter compared with a 6 per cent rise in available capacity. The company's load factor fell to 63.4 per cent from 65.8 per cent.

Scheduled passenger traffic, particularly badly aeffcted by the airline recession, rose only 1 per cent. Freight traffic increased by 4 per cent while 17 per cent more post was carried. Charter traffic continued to decline and showed a fall of 12 per cent.

Continued growth at Bank Leu

By Our Zurich Correspondent

BANK LEU, Switzerland's fifth largest commercial bank, reports a continuation of "generally good" business in the third quarter of this year.

A further narowing of interest margins was offset by higher earnings from non-credit operations, according to the Zurich-based bank.

The balance-sheet total expanded by 2 per cent in the quarter to SwFr 6.11bn ($3.6bn), representing a rise of 16.6 per cent since the end of last year.

Meanwhile, Swiss Volksbank, of Berne, has reported a record assets total of SwFr 17bn ($10bn) at the end of the third quarter. Swiss Volksbank, which forecasts "good results" for 1980 as a whole, also reported tighter interest margins and said these were compensated for by a "gratifying" result in the non-credit sector and by the fact that operating costs were kept within budgeted limits.

Tribunal to investigate Fairfax purchase

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Broadcasting Tribunal has decided to hold a public inquiry into the acquisition of a 14.57 per cent shareholding in Herald and Weekly Times, the Melbourne-based media group by John Fairfax the Sydney press group.

The tribunal will also look into arrangements by which Fairfax sold its interests in two television stations to shell companies owned by the Fairfax solicitors, Stephen, Jaques and Stephens. Fairfax bought the H and WT holding on the market late last year for A$50m (US$58.62m) to prevent the News Corporation press group headed by Mr. Rupert Murdoch from succeeding with a partial takeover bid for control.

Apart from H and WT's newspaper holdings, News was interested in its Melbourne television station, HSV-7. News subsequently gained joint control of another television station ATV-10 through the purchase of 50 per cent of Ansett Transoptr, the airline, transport and television group, which gave it the Sydney and Melbourne stations in the 0-10 network.

The tribunal recently refused to approve this deal on the grounds that it was not in the public interest for News to control the Sydney-Melbourne axis of the network. News has appealed against the decision.

The Fairfax purchase gave it too many television interests under the Broadcasting and Television Act. In an attempt to avoid a breach, Fairfax sold its interests in the Brisbane station, QTQ-9 and the Canberra station CTC-7 to the Shell companies while buyers were sought.

Buyers were subsequently found and the sales by the shell companies have already received tribunal approval. But the tribunal has not yet approved the first stages, the Fairfax purchases in H and WT and the subsequent sale of television interests to the shell companies. It has now decided to hold a public inquiry but has yet to announce a date.

Bank formed for Saudi-Swiss trade

Union Bank of Switzerland (UBS) and a number of Saudi Arabian investors yesterday announced the formation of the Bank for Saudis-Swiss trade and Investment, to be located in Geneva, AP-DJ reports from Geneva. UBS will have a 60 per cent interest in the bank, which is being capitalised at SwFr 50m ($29.5m). The bank is scheduled to open in about two weeks.

New Australian bank has share capital of A$30m

BY OUR SYDNEY CORRESPONDENT

FOURTEEN GROUPS covering major public companies and pension funds are the founding shareholders of Australian Bank Ltd., the first new trading bank formed in Australia for more than 50 years.

The bank has an issued capital of A$30m and expects to open for business, initially with an office in Perth, Sydney and Melbourne, in the second quarter of 1981. The bank was largely the brainchild of Mr. Garrick Agnew, a Western Australian businessman and former Olympian, and Mr. Mark Johnson, a prominent Australian merchant banker, just returned from a senior executive position in London with Hill Samuel.

The shareholders of Australian Bank are Geothite Investments (a company associated with Mr. Agnew), Gas and Fuel Corporation Superannuation Fund of Victoria, Moonie Oil Company, Myer Emporium, North Broken Hill, Swan Brewery and West Australian Newspapers (a subsidiary of Herald and Weekly Times) each with 10 per cent of the capital, Stevedoring Employees Retirement Fund with 7.5 per cent, Westwools Holding with 6.66 per cent, CRA Staff Provident Fund and Shell Australia Contributory Pension Fund each with 5 per cent, Investors Pty (associated with the Angliss family) with 3.33 per cent, M. G. Kailis and Company with 1.66 per cent, and Kyloe Investments (associated with Mr. Johnson) with 0.83 per cent.

The initial non-executive directors are Mr. Agnew, Mr. Lawrence Baillieu (North BH), Sir John Dunlop, Mr. Peter Mitchell (Moonie Oil) Mr. Keith Rosenhaim (Myer) and Mr. Lloyd Zampatti (Swan Brewery).

Sir John Dunlop is a director of several companies and for the past three years has been senior adviser on Australian affairs to Banque de Paris et des Pays-Bas (Paribas).

Adia buys stake in Mistral

By Our Zurich Correspondent

ADIA SA, the Lausanne-based holding company of the Adia Interim temporary employment group, has acquired a controlling interest in Mistral Windsurfing AG. Purchase price was not disclosed.

Mistral, whose headquarters are in Nuerensdorf, Switzerland, is one of the world's leading producers and distributors of wind-surfing boards.

The share purchase, according to M. Henri Lavanchy, chairman of Adia, is an "important expansion" of the group into the sport and leisure sector. This is seen as being allied to Adia's temporary employment activities in appealing mainly to young people and the sector is experiencing dynamic growth.

Adia itself intends to put its management, financial and marketing experience at the disposal of Mistral to build up international markets. This will be the case particularly in North America, where windsurfing is said to be less common than in Europe.

Qantas obtains A$106m aircraft leasing package

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S international airline, Qantas has obtained a A$106.7m (US$125m) leasing package to finance aircraft purchases.

The leasing arrangement has been committed in four currencies, Australian dollars, Dutch guilders, German marks, and sterling, which will enable Qantas to make repayments from earnings in those currencies. Monthly payments will also enable the airline to minimise foreign exchange fluctuation risks.

The contract covers the recent sale and lease back of two Boeing 747 aircraft and spare engines. The leverage lease was packaged and managed by the Australian merchant banking group, Chase-NBA Group in association with Gatx Leasing Corporation. The lease is Australian-based with the lessor being Longreach Leasing, a company named after Qantas's birthplace in the Northern Territory.

Equity participants in the agreement are two of the largest local trading banks, the Commonwealth Trading Bank and the National Bank of Australasia, and the National's finance company, Custom Credit Corporation.

Together they have contributed 17.5 per cent of the funds. The New York bank, Chase Manhattan, arranged the remaining 82.5 per cent. Under the agreement this part of the debt is secured against the aircraft in the following amounts:—through the Chase Bank AG DM 31m (US$17m); through Westdeutsche Landesbank Girozentrale DM 60m; through the Amsterdam-Rotterdam Bank Fl 53m ($US27m); and through Chase Manhattan £10m (A$24m).

The sterling finance is based on UK export financing arranged with the support of the Export Credits Guarantee Department of the UK Government and covers the Rolls-Royce engine part of the deal.

Bahrain share issue subscribed 680 times

By Mary Frings in Bahrain

TWO WEEKS of uncertainty over the fate of an Exempt Company share issue, ended yesterday, when Bahrain's Ministry of Commerce allowed the allotment of shares to go ahead, despite an earlier decision to cancel the issue.

Arab International Insurance Company EC (AIIC) offered 2.5m shares at their face value of US$1 for public subscription, out of an issued capital of $6m (the authorised capital is $10m). The allotment is now being made on the basis of 1.47 shares per 1,000 applied for, which indicates that the issue was 680 times oversubscribed, giving a total for application of $1.7bn.

When the scale of coverage became apparent after the close of the two-week subscription period, the Ministry suspected that applications had been duplicated, and refused to accept the result. But after discussions with the company's founders, who are mainly from Kuwait, the decision was reversed.

Exempt companies are not required to have a controlling Bahraini interest — or any local participation — but enjoy the tax advantages. They may not compete in the local market and Bahraini companies and citizens may not apply for shares on public offer, although they may participate as founders.

Ahmed Hubail, the Director of Commerce and Companies Affairs, said that AIIC applied for offshore public company status before the procedure for the registration of subscribers was tightened up. Copies of nationality certificates were therefore accepted in support of share applications, in accordance with the old rules, even though it has been a well-known practice for copies to be bought and sold to enable investors to apply for several blocks of 10,000 shares (the legal maximum) under different names. Last October the registration of public ECs was suspended after the Gulf Investment Company issue was more than 1,000 times oversubscribed. The ban was lifted two months ago.

Mr. Hubail said that for the September Arab Iron and Steel Company issue, which was covered 42 times, applicants were required to register beforehand and to produce original identification documents. The same procedure will apply in the case of the third share float in the present series, for Consolidated Gulf Services and Industry Company, on November 22, and for all future offshore public company issues.

Kanhym profits sharply higher

BY JIM JONES IN JOHANNESBURG

KANHYM, the diversified South African farming, cattle feedlot, and coal group lifted pre-tax income for the 12 months to September 30 1980 by 136.2 per cent. to R12.55m from R5.31m.

The improvement resulted from better performances by all the company's operations. Favourable weather resulted in better potato, maize and silage crops; feedlot cattle sales increased to 96,000 head from 78,000; and there was a better than average performance from the existing coal mine.

Kanhym also benefited from the exchange of its meat trading interests for a 51 per cent interest in the meat distributor, Karoo Meat Exchange in June.

Although the immediate outlook is tied to existing operations, and particularly to the expansion of the feedlot operation, due to be completed in 1981, the company's major prospects lie in turning to account extensive coal reserves which are jointly owned with British Petroleum. Full details of Kanhym's participation in the new coal project will be announced early in 1981.

The company, which is changing its year end to December 31 this year, declared a second interim dividend of 32 cents after a first interim of 13 cents. Earnings per share for the twelve months were 120.2 cents against 64.3 cents in the year to end-September 1979. A final dividend for the period to December is to be declared in February. The company expects it to be 10 cents.

Indian Aluminium ahead

BY P. C. MAHANTI IN CALCUTTA

DESPITE SEVERE power shortages which sharply cut production from all its smelters throughout the final quarter, Indian Aluminium Company, the local offshoot of Alcan Aluminium of Canada, raised annual sales to Rs1.41bn ($200m) from Rs1.36bn a year earlier.

Pre-tax profit was Rs153.4m, compared with Rs148m, but net profit was slightly lower at Rs65.7m against Rs68.5m because of a higher provision for the investment allowance reserve.

The board warned shareholders in the annual report that, unless the power position improves and the Government compensates producers for raw material and other cost increases soon, the company's profits for the current year will be severely affected.

Desalination company for Kuwait

By Leslie de Quillacq in Kuwait

KUWAIT, which for years has been buying from abroad the expensive sea-water desalination units it depends on for its water supply, is now going into the business itself.

The Kuwait Finance Ministry and four semi-public financial institutions here have recently incorporated the "Kuwait Company for Manufacturing Seawater Desalination Units" and plan to sign an agreement before the end of the year to buy technology from a foreign company. Among those under consideration for the technology agreement are Japan's IHI, and the UK's Weir Westgarth.

Increased interim at CNA

By Our Johannesburg Correspondent

CNA INVESTMENTS, the South African periodicals, book and audio equipment retailer, increased its pre-tax profit by 28.5 per cent to R1.61m ($2m) in the six months to August 31 despite deconsolidation of its 60 per cent-owned Zimbabwian subsidiary. This compares with R1.25m in the corresponding period of 1979-80 and R5.16m for the last financial year.

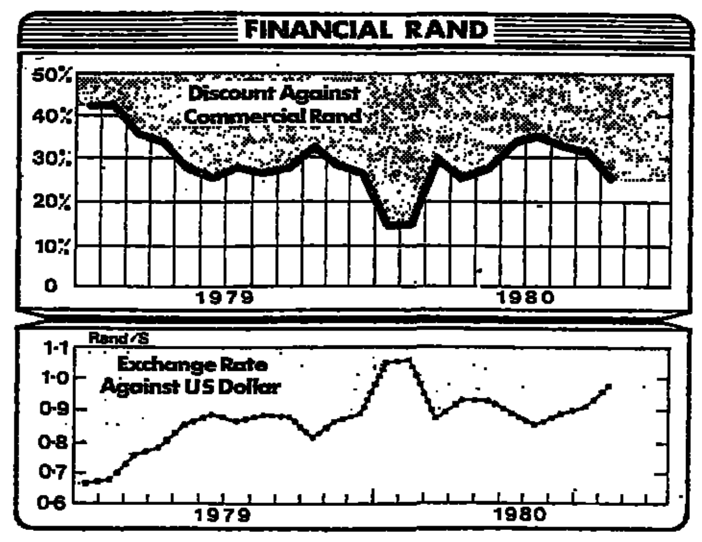
During the period, CNA opened five new retail outlets, the company warns that there is a limit to the productivity improvements which can be achieved within the firm's present structure. It is planned to acquire further properties to handle expected growth. The development programme is extensive and, the board warns, will cause temporary liquidity constraints.

Even so, in a break with policy of the past few years, the interim dividend has been increased to 7.5 cents, from the normal 5 cents. First-half earnings per share were 29.5 cents, against 18.9 cents. Though earnings are expectetd to rise in the current six months, the directors caution that because of the demand for earnings to be ploughed back for expansion, and without Zimbabwe's contribution, the final dividend may not be increased by a comparable 50 per cent, from last year's 28 cents.

FINANCIAL RAND

Sasol and Golds bring in buyers

BY QUENTIN PEEL IN JOHANNESBURG



THE FINANCIAL RAND, South Africa's investment currency for non-residents, has appreciated markedly in recent weeks, and on Tuesday touched parity with the U.S. dollar for the first time since March. The reason is an inflow of funds from foreign investors — especially from Continental Europe — to the Johannesburg Stock Exchange, which has narrowed the discount between the financial Rand and the commercial Rand to just 25 per cent, compared with almost 39 per cent in mid-August.

But dealers believe the recovery of the financial Rand may be relatively short-lived, on the grounds of its being not underpinned by an inflow of foreign funds for investment outside the stock market.

The financial Rand is widely regarded as a barometer of political confidence in South Africa, allowing non-residents to invest both in securities and other forms of productive investment at a discount. Although they have to repatriate capital through the financial Rand market, profits and dividends are payable at the commercial Rand rate.

Three principal reasons account for the latest flurry, according to Johannesburg brokers: Two major rights issues for gold mines—Anglo American's Western Deep Levels, and Rand Mines' East Rand proprietary Mines (ERPM): a surge of interest from Paris and Munich in the shares of Sasol, the semi-state-owned oil-from-coal producer: and continuing strong international interest in gold shares, in spite of the wavering in the gold price.

The R60m ($80m) Western Deep issue closed on October 17, and the ERPM issue—also for R60m, with 40 shares on offer for every 100 held—closes today. Rather more than 50 per cent of ERPM shares are held in Paris alone, and brokers believe that the issue may have brought at least R20m in through the financial Rand market.

The jump in interest in Sasol, which was listed on the Johannesburg Stock Exchange for the first time only last October, has been caused by the shares being traded over the counter in both France and West Germany. Brokers estimate that some 2m shares have been bought in Europe as a result, causing further demand for financial Rand of some R8m-R9m.

Sasol has been an exception to the rule of the past week, in which foreign investors have moved back strongly into gold shares. Financial Rand have been created at the expense of such blue-chip industrials as Barlow Rand, while non-gold mining shares like De Beers have also been hit by such sales, to make Financial Rand available for the increased demand.

Foreign exchange dealers report that demand for financial Rand for investment outside the stock exchange remains thin. Whereas in 1979, the first year that financial Rand were available for non-securities investments, more than R500m came into the country for that purpose, so far this year, only some R200m has been attracted. Dealers say that although there are a considerable number of applications for financial Rand, they are almost invariably for small sums, of less than R1m.

The buoyant foreign demand for shares has meant that other disinvestments—such as International Telephone and Telegraph's recent sale of its stake in Altech—can probably be absorbed without increasing the discount widely, but dealers expect some decline in the financial Rand once the effect of recent rights issues has been absorbed.

THE PROPERTY MARKET BY MICHAEL CASSELL

Bredero scheme upset

LONDON TRANSPORT'S plans to jointly develop with Dutch group Bredero a £70m office and transport complex at Hammersmith Broadway were thrown into confusion this week with the publication of an inquiry inspector's report criticising the scheme.

A year ago, LT announced that it was joining forces with Bredero, which is building up its UK operations, to redevelop the six-acre site adjoining Hammersmith flyover and currently used as a bus terminus.

Plans include the provision of 700,000 sq ft of office space, a new garage and transport complex and community facilities. But it is the local community which appears to have thrown an effective spanner in the works and left Hammersmith and Fulham Council, LT and Bredero in something of an awkward position.

A public inquiry held in the summer to examine the Hammersmith district plan was told of the proposals for the Broadway, the last major site in the area to be redeveloped.

But while the scheme had the full approval of the council, local residents complained vociferously and at great length that the development would mean there was over 3m sq ft of office space in the town centre, which would become a lifeless area dominated by day-time commercial activities.

The protestors, who formed themselves into a pressure group by the name of People before Profit and included such local luminaries as Dr. Magnus Pyke and actor Tom Baker, said they wanted a more balanced development which included housing, community amenities and improved accessability for pedestrians.

For LT, the attraction of the plan was to give consent for a scheme on its land which would finance the proposed bus garage and transport interchange involving the railway system. Bredero was to provide finance and project management.

The Inspector went away to consider the whole question of the district plan but by August Hammersmith council had already decided to give outline planning consent to the LT scheme

This week, however, the Inspector's report landed on a desk in the council's King Street headquarters and the references to the Broadway scheme did not make happy reading. The Inspector recommended a "significant reduction in the office content and scale of development" to avoid the creation of an over-dominant building mass. He also called for the inclusion of housing for childless couples and young people, in order to give the type of "living presence" asked for by the protest group.

In a parting shot, the Inspector suggested that in any case a bus garage might be better sited on the fringe of a town centre and mused over the thought that the plans had been based in some respects on what was best for LT rather than for Hammersmith.

Heads went down at King Street and a spokesman emerged to say that while the council was under no obligation to accept the inspector's arguments, they would be considered —most likely at a special meeting to be arranged without delay.

On Wednesday, the central area planning committee of the Greater London Council met to consider the Hammersmith scheme and, although the contents of the Inspector's report were used by the Opposition in an attempt to get any decision deferred, the GLC gave its approval to the plans. A spokesman commented.

So Hammersmith can ignore the Inspector's suggestions and steamroller on or it can make and publish proposed modifications to the Broadway scheme, though these will clearly have to be susbtantial to meet all his objections.

Mr. Harold Immanuel, one of the forces behind People for Profit, was naturally delighted at the week's developments. "We are very pleased, though the matter is far from concluded and we are taking counsel's advice with a view to obtaining a High Court injunction to restrain the council from taking any further action with regard to the Broadway development until the district plan has been adopted."

LT would only say that it was studying the contents of the Inspector's report and it will clearly have some hard thinking to do with partners Bredero and the council. Whatever the outcome, a start on development stretches ahead into an increasingly more costly future and there is always the chance of a public inquiry as well.

Investment activity still increasing

INSTITUTIONAL investment in UK property is striding ahead, if the latest set of government figures on the subject are to be believed.

According to the Central Statistical Office, pension funds and insurance companies together put £791m into land and property during the first half of 1980 against £494m in the same period last year.

During the whole of 1979, institutional investment in the UK property sector reached around £1.3bn but if the trend established in the first half of 1980 has been repeated in the second half, then that total will be left a long way behind.

The figures are boosted by inflation but a 60 per cent jump in investment cannot be accounted for quite so easily and the implication must be that, despite the growing problems involved in finding suitable purchases, the pension funds and insurance companies are still pursuing property in a big way.

Earlier statistics had shown that pension funds pushed more money into property in the first three months of 1980—a total of £199m—than in any quarter since early 1978. But a revision to this figure now shows that the pension funds actually invested £237m in this way during the January-March period.

In the second quarter, pension fund investment declined to £189m but the combined first-half total of £426m compared well with the £259m recorded for the same period last year.

As for the insurance companies, they pushed up investment during the second quarter of this year to £189m against £176m in the first three months. The six-month total of £365m compares with £235m for the first half of 1979.

Property unit trusts, however, invested only £33m in UK property during the first half of this year, a fall of £9m from the comparable period of 1979.

So property remains firmly in fashion and the institutions remain intent upon pushing up the property content of their portfolios, whatever the short-term characteristics of the market.

This week the Henley Centre for Forecasting said that it did not expect any fall in average capital values for institutional property over the next 18 months, despite the severity of the present recession. It seems a lot of people with a lot of money tend to feel the same way.

● *MEPC have completed the refurbishment of 17,000 sq ft of space at 1, Great Cumberland St., W1 which has been let to British Gas and Michael Freeman, solicitors. Joint agents Leighton Goldhill and Mellersh and Harding negotiated rents ranging from £13.50 a sq ft to £15. Later lettings have been arranged via Leighton Goldhill at rents of around £16.50 a sq ft.*

IN BRIEF

Two new schemes in Croydon

● **PROPERTY Growth Assurance and British Rail Pension Fund are to develop a £12m office scheme adjacent to Fairfield Halls, Croydon. Property Growth expects to invest about £2m in the 135,000 sq ft scheme, with the remainder being secured from British Rail at a prime rate of only 5 per cent. Completion is expected in about two years and Property Growth's property fund expects "a substantial profit."**

● **Still in Croydon, Norwich Union is to develop a £9½m office scheme on the corner of George St. and College Rd., opposite East Croydon station. Work on the 53,000 sq ft scheme is expected to start next year with completion in 1983.**

● **North British Properties are to develop a £2m office scheme in Dundas St., Edinburgh. The 25,000 sq ft office block should be completed in 1982. Jones Lang Wootton and Kenneth Ryden are retained letting agents.**

● **Acting on behalf of Lopex, Anthony Lipton has negotiated the surrender of leases held on 7-8 St Martin's Place, Trafalgar Square and let the entire 35,000 sq ft building to Shell UK at a rent of £535,000 a year.**

Rodamco prepares for quotation

THE TOP BRASS of Rodamco, the property investment arm of Holland's £2bn Robeco fund management group, marched into London this week to search for new investors and to prepare the ground for an ultimate Stock Exchange listing.

The assault on London comes 18 months after Rodamco shares were first offered to the public and follows the arrangement of quotations for the company in Amsterdam, Antwerp, Brussels and Paris. The UK, West Germany and Luxembourg appear to be next in line and a market is already made in the shares in London.

The Dutch operation has been busy and now has an international investment portfolio valued at over £130m, with properties located in Holland, the U.S., West Germany, Belgium and France. At the end of September, net assets stood at nearly £100m.

At present, it holds an 85 per cent stake in European Property Investment (Eupic), built up from only 20 per cent since the start of its last financial year. Efforts are being made to secure total ownership, which will help increase its European investment spread. There will, however, be "no early resolution" to the situation, according to Rodamco.

The one thing which Rodamco managing director Willem Engelberts and his colleagues are not looking for in London is property. "We have studied the market here closely and while it is our intention to have British property in our portfolio, the time for investment is certainly not right."

Rodamco blames the strength of sterling and low yields for its reluctance to become involved although at the same time it acknowledges that recent activities have not left it exactly fat with cash for purchase purposes.

But if, for the time being, Rodamco is not keen on buying in the UK, it believes it at least has something to offer for those potential British investors who may feel the same way.

The company's portfolio is well spread and tends to be in areas where prime investment yields are at least traditionally higher than in the UK. Property interests (invariably done via shareholdings rather than direct ownership) are centred on shops and offices and Rodamco is unusual among larger property investment companies and trusts in that 39 per cent of its assets are in retail schemes, which have in recent years achieved above average rental growth.

As for the UK, Rodamco's offer of a slice of international real estate may prove attractive to individual investors or smaller pension funds. In its first year, the fund achieved a net return on assets of about 5½ per cent although unfortunately the share price (calculated daily on a net asset per share basis) fell in sterling terms.

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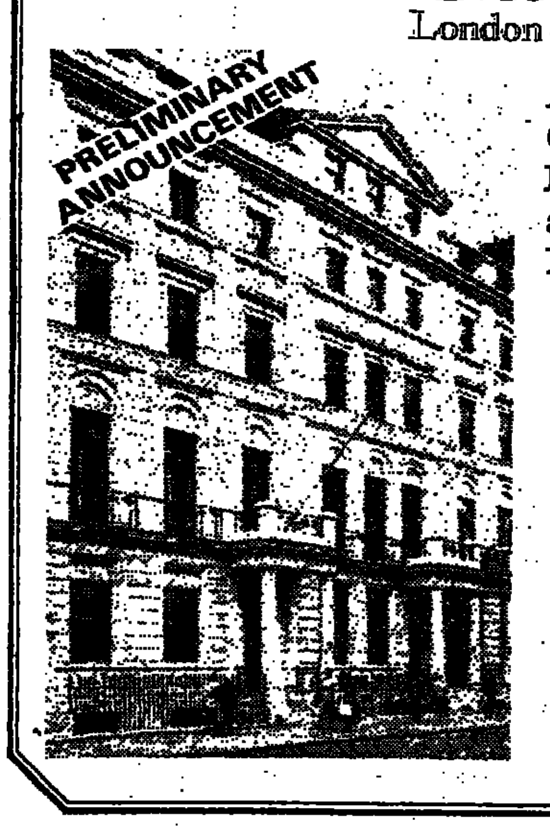

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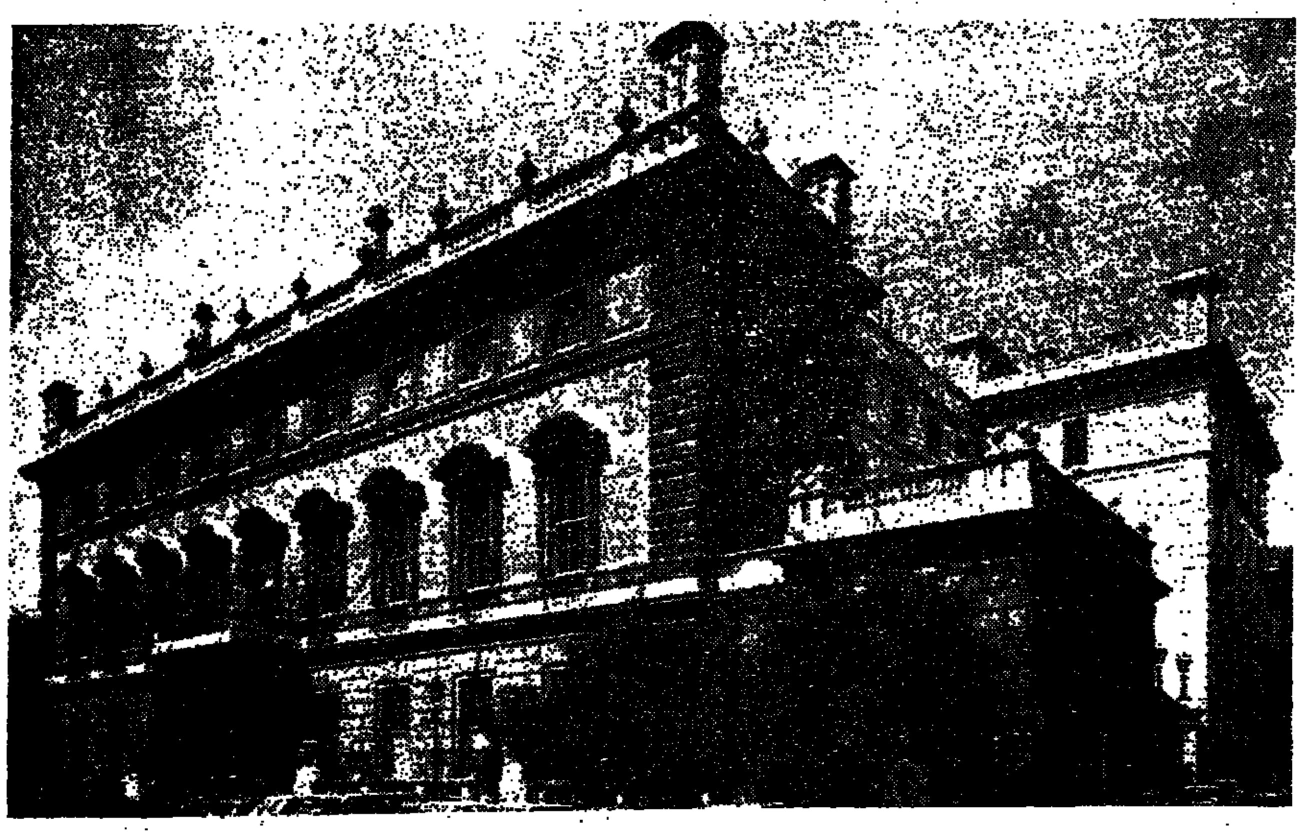

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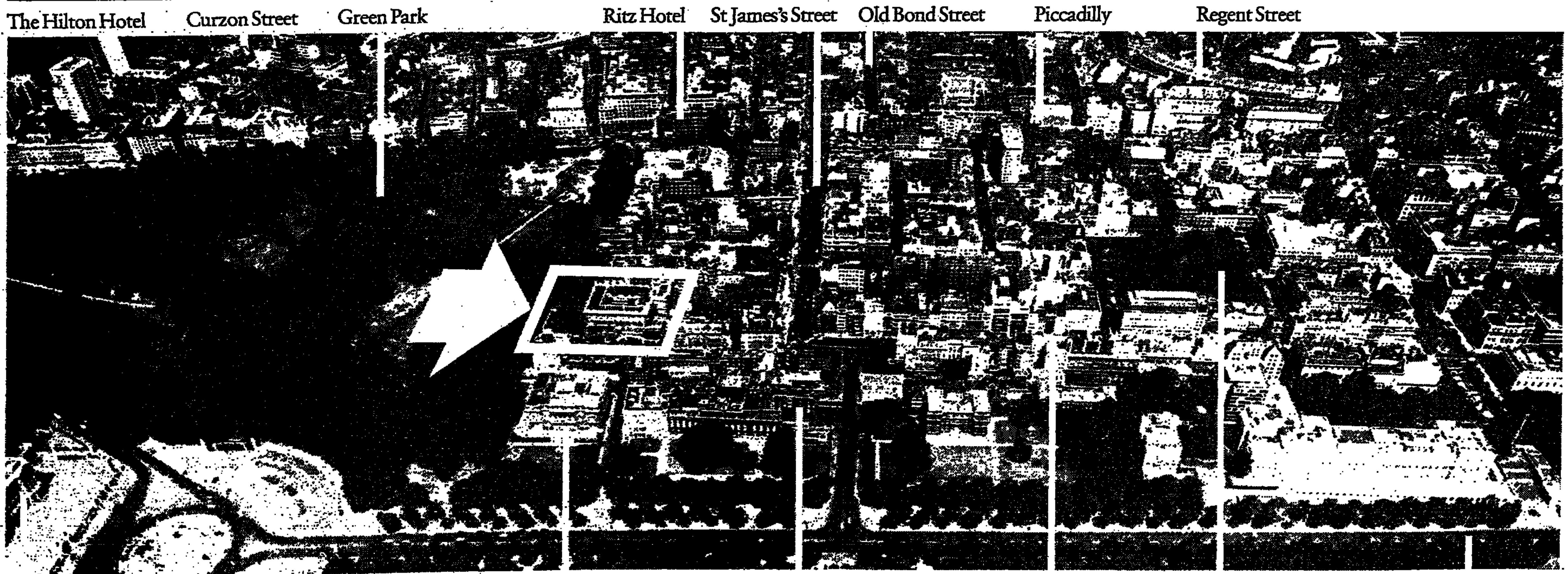

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INVESTMENT PROPERTY

£6,750 p.a. (increase soon)

4-storey end terrace, S.W. London. 3 separate commercial tenants (professional). Secure leases. 3-yr. rent reviews. Recent £10,000 spent on building. Asking price for freehold £70,000. Write Box T5366, Financial Times, 10 Cannon Street, EC4P 4BY.

PUBLIC NOTICE

CITY OF BRADFORD METROPOLITAN COUNCIL

Bills amounting to £3,750,000 were issued on 29 October 1980 for maturity on 28 January 1981 at an average rate of 14½%. Applications totalled £27,000,000. Bills outstanding total £7,500,000.

APPOINTMENTS

Managing Director

£20,000+ Leicester

MK Refrigeration Ltd., leading manufacturers of bar cooling and other refrigeration equipment for the brewing and catering trades, seeks a Managing Director who will be fully profit accountable and capable of implementing the Company's expansionist five year plan. Starting salary negotiable above £20,000 plus company car and other benefits. Preferred age 34-46.

Candidates will have risen to general management through any of the main functions, providing they have strong manufacturing and marketing orientations and a sound knowledge of finance. Commercial flair and powers of leadership are essential. A Main Board appointment is a real prospect in a group backed by the financial resources of Charter Consolidated.

For a full job description write in confidence to W. T. Agar at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet our client's requirements, quoting FT/2113. Both men and women may apply.

John Courtis and Partners

INTERNATIONAL PROPERTY

TRIDEL

With Tridel, Anytime is an Opportune Time For an Investment. But, Especially Now.

Tridel Corporation represents 50 years of expertise, experience, stability, safety and diversity in the real estate, development and investment field. *Tridel and its associates are active throughout continental America* in the development, design, construction and management of numerous properties, and have behind them over half a billion dollars worth of sales in the past five years alone.

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278 Old Brompton Road, Kensington SW5 9HR
Tel: (01) 373-1151

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BUFFALO VALLEY FARM IN NEW MEXICO, U.S.A.

One of the best farms in Pecos Valley

1,931 *acres grazing for a 1,000-head ranch operation.* 1,468 *acres irrigated:* alfalfa, corn and cotton.

Main house, foreman's quarters and four labour houses.

Presently leased for a RETURN OF 7% with the opportunity to extend the TRIPLE-A GUARANTEED LEASE CONTRACT over a three- or four-year period: prompt decision required due to renewal of lease contract.

Ownership registration in the name of a Swiss company. CASH REQUIRED $1,300,000 plus existing $800,000 long-term mortgage at 9.5%.

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A UNIQUE INVESTMENT IN THE SUN

24 superb 5/6 person Apartments on the beach, Alcudia, Majorca. Drycor (Builders) the well known UK house builder are managing the development of 140 4-storey Apartments on the only beach development in Majorca. We are offering one block of 24 which will be ready for the 82 summer season.

£600,000 in stage payments. Estimated Annual Return 12½% and rising. Also particularly suitable for time sharing.

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A modern 1,600 sq m factory on a fenced site of 18,000 sq m on the main route between Rotterdam and Antwerp. Inside the factory includes canteen, cafeteria, washrooms and offices. Ground floor offices cover 155 sq. m. with first floor offices of 400 sq. m. A 5 ton capacity crane is installed with a lifting height of 5.50m. Attractive financing terms can be arranged. For full details telephone F. W. Davies on Northallerton 3159 or telex 58600.

WILLIAMSBURG VA

U.S.A.

Near restored area. Colonial style railway station, suitable for conversion to theme restaurant, offices or shops. 4,400 sq ft building on 1.7 acres.

Contact K. C. Jones
Carpenter Brothers, Inc.,
PO Box 1428, Newport News
VA, USA, 23601 - 804/599-5000

COMMERCIAL AND INDUSTRIAL PROPERTY APPEARS EVERY FRIDAY

For further information contact:
Guy Mainwaring-Burton
01-248 5205

VIRGINIA

Charlottesville

CHARLOTTESVILLE — 590 acre farm, located at the base of the Blue Ridge Mountains, 400 acres strong grass and crop land in a most beautiful situation. Early Virginia residence, pre dating the Civil War, fully modernized and redecorated. Barns, tenant house, streams and pond. $895,000, or, can be purchased in less than its entirety.

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Brochures available on these and other Virginia farms and estates of character, and comprehensive resume of all currently offered leading agricultural properties forwarded by request.

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As a superior, medium term investment

1631 Acres of Valuable Forest Land

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Tel: F. W. Davies on Northallerton (0609) 3155 or Telex 58600.

COMPANY NOTICES

SNIA VISCOSA

SOCIETA NAZIONALE INDUSTRIA APPLICAZIONI VISCOSA

NOTICE TO HOLDERS OF CERTIFICATES OF DEPOSIT ISSUED BY HAMBROS BANK LTD.

Reference is made to the Notice in the Financial Times of 20th October, 1980, detailing the capital increase of SNIA VISCOSA and the rights issues being made to shareholders. Copies of the notice are available from Hambros Bank Limited. Holders of Certificates of Deposit ... 41 Bishopsgate, London EC2P 2AA. 31st October, 1980.

ECUADOR BONDS

Offers for Settlement by the Government of the Republic of Ecuador dated 20th May 1976 were published on the 7th June 1976 of the funds: (1) Ecuador 2½% (formerly 4%) Salt Bonds; (2) Ecuador 2½% (formerly 4%) Cons. Gold Condores Bonds; (3) Ecuador 2½% ... The Council of Foreign Bondholders reminds holders of these bonds that the above mentioned offers expire ...

UDDEVALLAVARVET AB

7¼% GUARANTEED NOTES 1983

S. G. WARBURG & Co. Ltd., announce that the seventh instalment of Bonds for a nominal value of U.S.$2,300,000 have been purchased for the redemption due on 1st December 1980.

U.S.$13,800,000 nominal Bonds will remain outstanding after 1st December, 1980.

30 Gresham Street,
London EC2P 2EB.

31st October, 1980.

LEGAL NOTICE

PREVENTION OF FRAUD (INVESTMENT) ACT 1958

NOTICE IS HEREBY GIVEN that 1. Bland Payne Personal Financial Services Ltd., of 22 Billiter Street, London, E.C.3, has relinquished the Principal's licence issued pursuant to Section 3 of the Act, having ceased to carry on the business of dealing in securities. 2. Bland Payne Personal Financial Services Ltd., has made application to the Department of Trade pursuant to the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the funds deposited in pursuance of Section 4 of the Act. 3. Any persons having a claim on the funds representing the deposit should send their names and addresses and particulars of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, SW1, not later than Friday 14th November 1980.

BUSINESSES FOR SALE

FOR SALE

THE SCOLAR PRESS, ILKLEY, YORKSHIRE,

is a printing and book production business. In addition to books for the commercial market it specialises in high-quality reprints and facsimiles for the rare and antiquarian book sectors, and for other scholarly and research activities.

Net Assets approximately £500,000

Asking price negotiable below net asset value.

Apply for further information to:-

David Robinson,
Company Secretary,
Bemrose Corporation,
PO Box 52, Wayzgoose Drive,
Derby, DE2 6XP
or tel. Derby (0332) 31242

CALIFORNIA

USA

A rare opportunity to acquire a modern 22-unit motel in superb year-round resort of Desert Hot Springs, near Palm Springs. A natural hot spring is a great health attraction, large pool and sauna. Tropical gardens and owner's Spanish style home. US$725,000 with 29% down.

Principals only write:
Richard Cooper, Town & Country
PO Box 142, Big Bear Lake
California 92315, USA
Business opportunity and immigration counselling available

FOR SALE

Engineering/Fabrication Company

NORTH-WEST ENGLAND

Excellent purpose-built workshops held on long lease at low rent. Turnover around £2m. Good profits. Outstanding prospects based on valuable contracts and connections.

Principals only apply to:
Box G6660, Financial Times
10 Cannon Street, EC4P 4BY

KITCHEN CENTRE FOR SALE

Kitchen centre. Furniture and exclusive gifts. Excellent North London Showroom 7 years to run on lease—review in two years. Exclusive rights London and Southern England for custom built. English made cottage style kitchen. Fantastic potential. May consider selling 50% only with 50% held by manufacturer. Price for whole in the region of £34,000.00 including existing stocks, fixtures and fittings. Up to date turnover of £130,000.00 current financial year to 30th Sept. 1980. £10,000.00 plus Tax Loss now trading profitably. Would suit working Director. Possible loan available. Genuine reason for sale.
Write Box G6669, Financial Times, 10 Cannon Street, EC4P 4BY

WEST YORKS.
Company for Sale

Manufacturers of insulated building panels. Tax losses £120,000.

Write Box G6675, Financial Times, 10 Cannon Street, EC4P 4BY, for full details.

FOR SALE

Well established
TRADE AND TECHNICAL MONTHLY JOURNAL

With £150,000 annual turnover. Write Box G6643, Financial Times, 10 Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES

OXFORDSHIRE TOWN. Freehold leisure complex, comprising public house, off licence, restaurant, coffee shop and entertainment centre. Takings in the region of £300,000 per annum. For sale as going concern. Apply Edwards, Bigwood & Bewlay, 13 Horse Fair, Banbury. Tel: (0295) 50484.

FOR SALE BY ORDER OF THE RECEIVER
R. ST. J. BULLER
OF THORNTON BAKER, BEDFORD.

GENERAL AND PRECISION ENGINEERING BUSINESS

Well established General and Precision Engineering Company in Hertfordshire. Leasehold premises of approximately 10,000 sq. ft. Well equipped workshops and offices including ancillary tooling and stocks of bar and sheet steel. Fully staffed.

For further information contact:

Herring & Co.,
Homestead House,
Burtons Lane,
Chalfont St. Giles,
Amersham, Bucks.
Telephone: 02404 5297

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Unique Design and Construction

Prototype won 1979 Spithead Trophy achieving 45 knots. Well received 1980 Boat Show. Being adapted as very fast patrol boat with overseas interest. Other adaptations possible.

LOCATION SOUTH COAST

Particulars available from 01-831 7130 ext. 600

Ladies Fashions and Sports and Leisure Wear

This wholly-owned manufacturing subsidiary is available for sale following a change in corporate strategy of the Parent Group.

PRODUCTS A mid-market range of jackets, skirts, etc., and a variety of sports and leisure clothing.

CUSTOMERS Major UK Mail Order & Retail Groups, and export (25%).

TURNOVER c.£3.5m.

FACILITIES Modern well equipped premises in Northern England.

ENQUIRIES: From Principals only to the Chairman

Write Box G6663, Financial Times, 10 Cannon Street, EC4P 4BY

ENGINEERING COMPANY FOR SALE

Automatic Turned Parts. Sales £300,000, good profit record. 20% own products of T/O. London. L/H Building. Asset Value plus £75,000, would consider merger. Replies please to
Griffith, Miles, Sully and Company, Tel. No. Slough 35533.

THE BUSINESS
is a Midland-based
SCRAP METAL PROCESSOR

With a turnover in excess of £750,000 per annum. Great potential for further expansion.
Sale price of £300,000 envisaged
Write Box G6654, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE

Well established business in the field of installation and maintenance of central heating systems in the Home Counties. Last audited accounts indicate t/o of £340,000+. Business and goodwill to pass with benefit of valuable continuing maintenance contracts. Replies to:
Box G6656, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
due to Company Rationalisation
GREY IRON FOUNDRY

Situated in West Yorkshire having easy access to motorway network. Favourable lease (or possibly freehold) available on premises.
Please write to:
RONALD TEEMAN & CO.
Solicitors, Aire House, 12 Swinegate
Leeds LS1 4AJ

Glass Merchants For Sale

N.W. LONDON

Freehold Approx. 6,000 sq. ft.

PILKINGTON'S ACCOUNT

Write Box G6662, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE
MANUFACTURING JEWELLER

Turnover in excess of £2m and profits in excess of £¼m

For further details please write to:

K. G. White, Thornton Baker
Kennedy Tower, St. Chads
Queensway, Birmingham B4 6EL

CHANNEL ISLANDS. Substantial hairdressing concern showing excellent profits. Modern flat included. Price £110,000 leasehold. Write Box G6666, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE

Established International Haulier with own European groupage operations. Modern fleet, good agents and large permit allocation. Impressive customer base. Situated in Yorkshire with facilities in London this represents an excellent opportunity for a Company wishing to enter this field or an established operator wishing to run his own fleet.
Write Box G6667, Financial Times
10 Cannon Street, EC4P 4BY

OLD ESTABLISHED
SPECIALIST PROFESSIONAL
TRANSLATION GROUP

With blue-chip industrial, government and international institutional clientele, invites offers for whole or part interest

TEL: 01-242 4241

Immediate Sale-Realistic Price

Machine Shop & Tool Room
Camborne, Cornwall

Established general engineering and toolroom facility. Excellent 20,000 sq. ft. leasehold factory. Staff of 35 highly skilled personnel and factory management available. All plant and equipment less than 5 years old, overhead cranage.

The plant includes a K. Richards horizontal borer, 2 Ram Baudi milling machines, 1 Beaver vertical machining centre, 1 Moog vertical machining centre, 12 Bridgeport mills with digital read-out, 2 Jones & Shipman grinders, various lathes, drills, saws etc.

Please reply to R. S. Evans, Director, Lesney Products & Company Limited, 93 Burleigh Gardens, Southgate, London N14 5AQ. Tel: 01-882 3811.

By Direction of G. Harrison and R. E. Adkins, Thornton Baker, Joint Receivers

FOR SALE

ASSETS OF GLASS CONTAINER MANUFACTURER—WEST MIDLANDS

The Company produces glass containers including mineral, cordial, milk, sauce and vinegar bottles, and pickle and jam jars. The Factory is Freehold and contains over 93,000 sq ft in a popular location close to the M5 Motorway. The Company rent over 200,000 sq ft of Warehouse space on attractive terms close to the factory.

The Company has 3 glass furnaces with a total capacity of 225 tons per day and 6 bottle forming machines with all associated equipment. The batch plant is fully automated and there is a railway facility. There is a modern transport fleet for nationwide delivery. There are 310 employees and the company has a turnover of approximately £7m. The Joint Receivers will consider a Sale of all or part of the assets.

Apply: D. LOWE

Grimley & son
021-236 8236

Australia
Steel Fabrication and Construction Business for Disposal

A public company wishes to divest itself of a wholly-owned Division which
— Supplies steel plate products to major petrochemical and mining companies and to state utilities.
— Has its own construction units in several States.
— Has a capability for building pressure vessels, large diameter tanks, etc.

The Division has a sales turnover of A$7 million.
Apply Box G6676, Financial Times, 10 Cannon Street, EC4P 4BY.

Record Retail Business for Sale

with average profits over the past 3 years of £40,000 per annum

The business is the largest Record Retailing business in a prime position in the locality and is an ideal acquisition for purchasers wishing for existing retailers to expand in South Yorkshire. Also, a sound investment as a hedge against inflation. Please write Box G6677, Financial Times, 10 Cannon Street, EC4P 4BY.

MECHANICAL HANDLING COMPANY
NORTH OF ENGLAND
FOR SALE

Private Company, turnover approximately £1m. Established management will remain. Confidential enquiries from principals only to: B. M. J. Lilley, Solicitor, 575 Barlow Moor Road, Chorlton cum Hardy, Manchester M21 2AE

FOR SALE
Business with sole concession for the UK & Ireland for the sale of
JAPANESE SPORTS PRODUCTS

Stock, debtors and goodwill considered to be worth in the region of £120,000. For further information please write to:
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Queensway, Birmingham B4 6EL

LARGE PUBLIC WAREHOUSING COMPANY FOR SALE

Depots throughout North of England totalling approximately 700,000 sq ft in area. Excellent occupancy level with blue-chip customers. Also subsidiary transport company with 30 HGVs and purpose-built depot. Total annual turnover £2m. Holding company will consider disposal of all or part of the operation.

Write Box G6678, Financial Times, 10 Cannon Street, EC4P 4BY.

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With terrific potential and space for expansion of services.

Goodwill and assets, including lease.

Principals only.

Write Box G6641, Financial Times, 10 Cannon Street, EC4P 4BY.

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FOR SALE
IN YORKSHIRE

FREEHOLD SITE
WELL ESTABLISHED BUSINESS

Write Box G6639, Financial Times, 10 Cannon Street, EC4P 4BY.

TIMBER PRODUCTS BUSINESS

Group wishing to concentrate on main activities seeks sale as going concern of timber business manufacturing fences, sheds, cases, pallets and erection of all types of fencing. Turnover £370,000. North Staffs area.
Write Box G6670, Financial Times
10 Cannon Street, EC4P 4BY

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Thriving and well established Gift Shop and Tea Shop in prime position of Market Town, well fitted. Substantial Turnover. Leasehold Premises for Sale as a going concern with benefit of Lease Stock at valuation.
Details from:
Arthur G. Griffiths & Sons,
91 High Street, Evesham
Telephone Evesham 2981

Specialist Advanced Design Racing Rowing Shell Manufacturer for Sale

Olympic, World Championship and Henley medal winners.
Turnover in excess of £600,000 with over 50% exported.

LOCATION SOUTH-WEST LONDON — moveable.

Particulars available from 01-831 7130 ext. 600

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OF

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200 KVA Diesel Generator
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By Order of the Receiver: F. W. Taylor, Esq., FCA
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TUESDAY and WEDNESDAY, 11th and 12th NOVEMBER, 1980
On View: Day prior and days of Sale
CATALOGUES available at the Works or from the AUCTIONEERS:
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Printers' Auctioneers & Valuers
5 QUALITY COURT, CHANCERY LANE, LONDON WC2A 1HP
Tel: 01-242 1362/9

BUSINESSES WANTED

ICE CREAM MANUFACTURER REQUIRED

Family controlled Group of Companies wishes to acquire a specialist quality Ice Cream Manufacturer.

If you could be interested in discussing this matter, please write to Box G6672, Financial Times, 10 Cannon Street, EC4P 4BY.

SCAFFOLDING
A major Group of Companies

Wishes to acquire an established SCAFFOLDING MANUFACTURING AND/OR HIRE AND SALE BUSINESS.

Turnover in excess of £3m required.
Must be profitable and well managed.

Write Box G6668, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY ACQUISITIONS

OFFSHORE INVESTMENT COMPANY SEEKS ACQUISITION OF COMPANIES WITH SUBSTANTIAL PROPERTY OR FIXED OR LIQUID ASSETS

Straight cash deals preferred with no retained minority holding, no share for shares exchange and no continuing directorships.
Replies in strictest confidence to
The Chairman, Box G6401
Financial Times
10 Cannon Street, EC4P 4BY

COMPANY
WITH FUNDS AVAILABLE

To assist, merge, or take over existing business that needs FINANCIAL HELP AND KNOW-HOW.

Write in first instance to Box G6664, Financial Times 10 Cannon Street, EC4P 4BY

SHELL COMPANY REQUIRED

TODD & BENN HOMES LTD.,
Atlantic Industrial Complex
Dunnings Bridge Road
Bootle, Merseyside L30 4UZ
Tel: 051-521 2404

FREIGHT FORWARDING

FORWARDING AGENTS WANTED

A major International Shipping Group wishes to acquire Forwarding Companies who have been established for at least five years.

Continuity of management preferred. Advantageous but not essential for prospective vendors to demonstrate involvement in any one of the following:

★ Groupage Services
★ Deep Sea/Iberian Peninsular/Eastern Europe
★ Rail Forwarding
★ South of England

Write Box A.7330, Financial Times, 10 Cannon St., EC4P 4BY

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HAS SUBSTANTIAL LIQUID ASSETS
SEEKS COMPANIES WITH GOOD PROFIT AND PROSPECTS
Write Box G6665, Financial Times
10 Cannon Street, EC4P 4BY

STORAGE & DISTRIBUTION COMPANY WANTED

Subsidiary of Public Company would like to acquire a company engaged in storage and distribution on a national or regional basis. Pre-tax profits should be in excess of £100,000 per annum.

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10 Cannon Street, EC4P 4BY

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London Area - Fully equipped
Tied Customers - Large t/o
Suit Plate and Coil Mill

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T/O £250,000
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115 Penny Lane, Liverpool L18 1DF
Tel: 051-733 1473

BUILDERS and Manufacturing Joiners, Edinburgh, for sale, family private company, large premises in city centre. 6 figure capital required, owners retiring. Write Box G6673, Financial Times, 10 Cannon Street, EC4P 4BY.

BOND DRAWINGS

INDUSTRIAL DEVELOPMENT BANK OF ISRAEL LTD.

7% Guaranteed Loan 1982

S. G. WARBURG & CO. LTD., announce that Bonds for the nominal value of U.S.$1,350,000 have been drawn in the presence of a Notary Public for the ninth redemption instalment due on 28th November, 1980.

The serial numbers of the Bonds drawn are as follows:—

4	15	26	29	40	51	62	73	93	104
115	126	129	140	151	162	173	193	204	215
226	229	240	251	262	273	293	304	315	326
329	340	351	362	373	393	404	415	426	429
440	451	462	473	493	504	515	526	529	540
551	562	573	593	604	615	626	629	640	651
662	673	693	704	715	726	729	740	751	762
773	793	804	815	826	829	840	851	862	873
893	904	915	926	929	940	951	962	973	993
1004	1015	1026	1029	1040	1051	1062	1073	1093	1104
1115	1126	1129	1140	1151	1162	1173	1193	1204	1215
1226	1229	1240	1251	1262	1273	1293	1304	1315	1326
1329	1340	1351	1362	1373	1393	1404	1415	1426	1429
1440	1451	1462	1473	1493	1504	1515	1526	1529	1540
1551	1562	1573	1593	1604	1615	1626	1629	1640	1651
1662	1673	1693	1704	1715	1726	1729	1740	1751	1762
1773	1793	1804	1815	1826	1829	1840	1851	1862	1873
1893	1904	1915	1926	1929	1940	1951	1962	1973	1993
2004	2015	2026	2029	2040	2051	2062	2073	2093	2104
2115	2126	2129	2140	2151	2162	2173	2193	2204	2215
2226	2229	2240	2251	2262	2273	2293	2304	2315	2326
2329	2340	2351	2362	2373	2393	2404	2415	2426	2429
2440	2451	2462	2473	2493	2504	2515	2526	2529	2540
2551	2562	2573	2593	2604	2615	2626	2629	2640	2651
2662	2673	2693	2704	2715	2726	2729	2740	2751	2762
2773	2793	2804	2815	2826	2829	2840	2851	2862	2873
2893	2904	2915	2926	2929	2940	2951	2962	2973	2993
3004	3015	3026	3029	3040	3051	3062	3073	3093	3104
3115	3126	3129	3140	3151	3162	3173	3193	3204	3215
3226	3229	3240	3251	3262	3273	3293	3304	3315	3326
3329	3340	3351	3362	3373	3393	3404	3415	3426	3429
3440	3451	3462	3473	3493	3504	3515	3526	3529	3540
3551	3562	3573	3593	3604	3615	3626	3629	3640	3651
3662	3673	3693	3704	3715	3726	3729	3740	3751	3762
3773	3793	3804	3815	3826	3829	3840	3851	3862	3873
3893	3904	3915	3926	3929	3940	3951	3962	3973	3993
4004	4015	4026	4029	4040	4051	4062	4073	4093	4104
4115	4126	4129	4140	4151	4162	4173	4193	4204	4215
4226	4229	4240	4251	4262	4273	4293	4304	4315	4326
4329	4340	4351	4362	4373	4393	4404	4415	4426	4429
4440	4451	4462	4473	4493	4504	4515	4526	4529	4540
4551	4562	4573	4593	4604	4615	4626	4629	4640	4651
4662	4673	4693	4704	4715	4726	4729	4740	4751	4762
4773	4793	4804	4815	4826	4829	4840	4851	4862	4873
4893	4904	4915	4926	4929	4940	4951	4962	4973	4993
5004	5015	5026	5029	5040	5051	5062	5073	5093	5104
5115	5126	5129	5140	5151	5162	5173	5193	5204	5215
5226	5229	5240	5251	5262	5273	5293	5304	5315	5326
5329	5340	5351	5362	5373	5393	5404	5415	5426	5429
5440	5451	5462	5473	5493	5504	5515	5526	5529	5540
5551	5562	5573	5593	5604	5615	5626	5629	5640	5651
5662	5673	5693	5704	5715	5726	5729	5740	5751	5762
5773	5793	5804	5815	5826	5829	5840	5851	5862	5873
5893	5904	5915	5926	5929	5940	5951	5962	5973	5993
6004	6015	6026	6029	6040	6051	6062	6073	6093	6104
6115	6126	6129	6140	6151	6162	6173	6193	6204	6215
6226	6229	6240	6251	6262	6273	6293	6304	6315	6326
6329	6340	6351	6362	6373	6393	6404	6415	6426	6429
6440	6451	6462	6473	6493	6504	6515	6526	6529	6540
6551	6562	6573	6593	6604	6615	6626	6629	6640	6651
6662	6673	6693	6704	6715	6726	6729	6740	6751	6762
6773	6793	6804	6815	6826	6829	6840	6851	6862	6873
6893	6904	6915	6926	6929	6940	6951	6962	6973	6993
7004	7015	7026	7029	7040	7051	7062	7073	7093	7104
7115	7126	7129	7140	7151	7162	7173	7193	7204	7215
7226	7229	7240	7251	7262	7273	7293	7304	7315	7326
7329	7340	7351	7362	7373	7393	7404	7415	7426	7429
7440	7451	7462	7473	7493	7504	7515	7526	7529	7540
7551	7562	7573	7593	7604	7615	7626	7629	7640	7651
7662	7673	7693	7704	7715	7726	7729	7740	7751	7762
7773	7793	7804	7815	7826	7829	7840	7851	7862	7873
7893	7904	7915	7926	7929	7940	7951	7962	7973	7993
8004	8015	8026	8029	8040	8051	8062	8073	8093	8104
8115	8126	8129	8140	8151	8162	8173	8193	8204	8215
8226	8229	8240	8251	8262	8273	8293	8304	8315	8326
8329	8340	8351	8362	8373	8393	8404	8415	8426	8429
8440	8451	8462	8473	8493	8504	8515	8526	8529	8540
8551	8562	8573	8593	8604	8615	8626	8629	8640	8651
8662	8673	8693	8704	8715	8726	8729	8740	8751	8762
8773	8793	8804	8815	8826	8829	8840	8851	8862	8873
8893	8904	8915	8926	8929	8940	8951	8962	8973	8993
9004	9015	9026	9029	9040	9051	9062	9073	9093	9104
9115	9126	9129	9140	9151	9162	9173	9193	9204	9215
9226	9229	9240	9251	9262	9273	9293	9304	9315	9326
9329	9340	9351	9362	9373	9393	9404	9415	9426	9429
9440	9451	9462	9473	9493	9504	9515	9526	9529	9540
9551	9562	9573	9593	9604	9615	9626	9629	9640	9651
9662	9673	9693	9704	9715	9726	9729	9740	9751	9762
9773	9793	9804	9815	9826	9829	9840	9851	9862	9873
9893	9904	9915	9926	9929	9940	9951	9962	9973	9993
10004	10015	10026	10029	10040	10051	10062	10073	10093	10104
10115	10126	10129	10140	10151	10162	10173	10193	10204	10215
10226	10229	10240	10251	10262	10273	10293	10304	10315	10326
10329	10340	10351	10362	10373	10393	10404	10415	10426	10429
10440	10451	10462	10473	10493	10504	10515	10526	10529	10540
10551	10562	10573	10593	10604	10615	10626	10629	10640	10651
10662	10673	10693	10704	10715	10726	10729	10740	10751	10762
10773	10793	10804	10815	10826	10829	10840	10851	10862	10873
10893	10904	10915	10926	10929	10940	10951	10962	10973	10993
11004	11015	11026	11029	11040	11051	11062	11073	11093	11104
11115	11126	11129	11140	11151	11162	11173	11193	11204	11215
11226	11229	11240	11251	11262	11273	11293	11304	11315	11326
11329	11340	11351	11362	11373	11393	11404	11415	11426	11429
11440	11451	11462	11473	11493	11504	11515	11526	11529	11540
11551	11562	11573	11593	11604	11615	11626	11629	11640	11651
11662	11673	11693	11704	11715	11726	11729	11740	11751	11762
11773	11793	11804	11815	11826	11829	11840	11851	11862	11873
11893	11904	11915	11926	11929	11940	11951	11962	11973	11993
12004	12015	12026	12029	12040	12051	12062	12073	12093	12104
12115	12126	12129	12140	12151	12162	12173	12193	12204	12215
12226	12229	12240	12251	12262	12273	12293	12304	12315	12326
12329	12340	12351	12362	12373	12393	12404	12415	12426	12429
12440	12451	12462	12473	12493	12504	12515	12526	12529	12540
12551	12562	12573	12593	12604	12615	12626	12629	12640	12651
12662	12673	12693	12704	12715	12726	12729	12740	12751	12762
12773	12793	12804	12815	12826	12829	12840	12851	12862	12873
12893	12904	12915	12926	12929	12940	12951	12962	12973	12993
13004	13015	13026	13029	13040	13051	13062	13073	13093	13104
13115	13126	13129	13140	13151	13162	13173	13193	13204	13215
13226	13229	13240	13251	13262	13273	13293	13304	13315	13326
13329	13340	13351	13362	13373	13393	13404	13415	13426	13429
13440	13451	13462	13473	13493	13504	13515	13526	13529	13540
13551	13562	13573	13593	13604	13615	13626	13629	13640	13651
13662	13673	13693	13704	13715	13726	13729	13740	13751	13762
13773	13793	13804	13815	13826	13829	13840	13851	13862	13873
13893	13904	13915	13926	13929	13940	13951	13962	13973	13993
14004	14015	14026	14029	14040	14051	14062	14073	14093	14104
14115	14126	14129	14140	14151	14162	14173	14193	14204	14215
14226	14229	14240	14251	14262	14273	14293	14304	14315	14326
14329	14340	14351	14362	14373	14393	14404	14415	14426	14429
14440	14451	14462	14473	14493	14504	14515	14526	14529	14540
14551	14562	14573	14593	14604	14615	14626	14629	14640	14651
14662	14673	14693	14704	14715	14726	14729	14740	14751	14762
14773	14793	14804	14815	14826	14829	14840	14851	14862	14873
14893	14904	14915	14926	14929	14940	14951	14962	14973	14993

On 28th November, 1980 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 28th November, 1980. Bonds so presented for payment must have attached all coupons maturing subsequent to 28th November, 1980.

U.S.$2,850,000 nominal value will remain outstanding after 28th November, 1980.

The following Bonds previously drawn for redemption on the dates given below have not yet been presented for payment.

28th November, 1974
14552 – (Bond prescribed on or after 28th November, 1980)

28th November, 1975
3958 6203

28th November, 1976
2156 14867

28th November, 1977
1735 2157 6202

28th November, 1978
3821 4579 9401 14553

28th November, 1979
7 18 3018 3959 9607 11337 13548 14075 14118

30, Gresham Street, London, EC2P 2EB. 31st October, 1980

COMPANY NOTICES

EUROPEAN INVESTMENT BANK

7¾% 1971/1981 FF 100,000,000

On October 20, 1980, Bonds for the amount of FF 8,840,000.- have been drawn for redemption.

The drawn Bonds are redeemable at par, Coupon No. 10 attached, on and after December 10, 1980.

The numbers of the drawn Bonds are as follows:

17.253 to 19.020 incl.

Amount purchased on the market: FF 25,160,000.-

Amount outstanding: FF 34,000,000.-

Outstanding drawn bonds: none

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, October 31, 1980.

BANCO DI ROMA INTERNATIONAL S.A.
LOAN OF U.S.$ 50,000,000.—
FLOATING RATE NOTES
1979/1987/1991

Bondholders of this loan are hereby informed that the rate applicable to the fourth interest period has been fixed at 14¼%.
Coupon No. 4 will be payable as from April 28, 1981 at the price of U.S.$ 72.04 equivalent to an interest of 14¼% worked out on the basis of 182/360th covering the period from October 28, 1980 to April 27, 1981 inclusive.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

U.S.$ 25,000,000.— FLOATING RATE NOTES DUE 1983

In accordance with the provisions of the above notes, the rate of interest for the period October 29th, 1980 to April 29th, 1981 has been fixed at 14¼% per annum.

Interest due on such date will be payable upon surrender of Coupon No. 9.

BANQUE INTERNATIONALE
A LUXEMBOURG
SOCIETE ANONYME
Trustee

TOKYU DEPARTMENT STORE CO. LTD.

NOTICE TO EDR HOLDERS

Further to Notice of September 16, 1980, The Chase Manhattan Bank, N.A. announce that the interim cash dividend of Yen 3.00 per share has been converted to U.S. Dollars and amounts to U.S.$14.02 gross per EDR. All presentations will be subject to deduction of Japanese withholding tax (if any) at the appropriate rates, and representative payments will be $11.22 net after deduction of 20% Japanese withholding tax or $11.92 net after deduction of 15% Japanese withholding tax depending upon the residential status of the claimant and the application of any Double Tax Treaty concluded by Japan. Affidavits will be required in all cases where a withholding rate of less than 20% is to be used.

Accordingly, EDR holders may present Coupon No. 2 forthwith at The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD, or at Chase Manhattan Bank Luxembourg S.A., 47, Boulevard Royal, Luxembourg, or at Morgan Guaranty Trust Company of New York, Avenue des Arts 35, 1040 Brussels, or at Kredietbank S.A. Luxembourgeoise, 37, rue Notre Dame, Luxembourg.

THE CHASE MANHATTAN BANK N.A.
LONDON as Depositary
October 1980

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¼% First Mortgage Debenture Stock 1985-90 of the Company will be closed from 8th to 15th November, 1980, both dates inclusive.

By Order of the Board
G. T. LOWNDES
Secretary

71-78 Victoria Street,
Wolverhampton.

Oils lead early Wall St. fall

FURTHER WEAKNESS in Oil and Gas issues highlighted a general decline on Wall Street in another fairly active early trade yesterday.

Analysts said with interest rates expected to go higher and the outcome of the presidential election hanging in the balance, there was little to stimulate buying.

Meanwhile, the surprise Canadian proposals to take up to a 50 per cent stake in oil and gas production and buy some companies outright continued to trigger selling of Oil and Gas issues, a group that has been a market mainstay for months.

The Dow Jones Industrial Average was 3.75 easier at 925.43 at 1 pm, while the NYSE All Common Index lost 27 cents at $73.53 and falls led rises by a two-to-one margin. Volume amounted to 25.51m shares, compared with 25.51m at 1 pm on Wednesday.

Sun dropped 4¾ to $48¼. It said its Suncor unit would be severely hurt by the Canadian proposals. Canadian Pacific fell 3¼ to $39 and Canadian Pacific Enterprises 1⅜ to $23¼. Drilling companies also lost ground. Reading and Bates shed 1⅛ to $38¼, Halliburton 1⅞ to $136⅛ and Zapata 1⅛ to $54⅛.

Johnson and Johnson surged 4⅛ to $81⅞. It has received Food and Drug Administration approval to sell a new prescription pain killer.

THE AMERICAN SE Market Value Index retreated 6.42 more to 337.89 at 1 pm on volume of 6.07m shares (4.33m).

Canada

LED BY the Energy sector, markets fell sharply over a broad front yesterday morning in very active trading.

Initial reaction to the Federal energy plans adversely affected only the Oil and Gas sector on Wednesday, but yesterday every area of the market joined the decline.

The Toronto Composite index fell 65.9 to 2,335.5 at noon, while the Oil and Gas index dipped 297.0 to 4,345.5, Golds 224.9 to 5,491.4, Metals and Minerals 45.8 to 2,333.4 and Utilities 10.17 to 268.76.

Dome Petroleum dropped C$7 to C$67, while Dome Mines, a major shareholder, fell C$9 to C$128½.

Tokyo

Wednesday's good market recovery was extended yesterday in another fairly active trade as investors sought Blue Chips, especially in the groups of Light Electricals and Precision Machinery Makers. Large-capital shares rebounded for the first time in several sessions with the help of foreign purchases.

The Nikkei-Dow Jones Average gained 11.25 more to 7,124.78 after the previous day's rise of 25.09. The Tokyo SE index added 1.15 at 494.69, but with the buying concentrated in selective issues, declines on the First Market section outnumbered rises by 361 to 279. Volume came to 320m shares (350m).

Matsushita Electric, still buoyed by the good third-quarter results, climbed Y15 to Y916. Elsewhere among Light Electricals, Sony rose Y70 to Y3,160 and TDK Electronic Y40 to Y3,200.

Honda Motor advanced Y11 to Y556, Fuji Photo Film Y30 to Y825, Canon Y12 to Y777, Hitachi Y10 to Y344 and Toshiba Y5 to Y232.

Hong Kong

The market closed lower but well above the day's worst after a session of volatile trading, with the Hang Seng index ending a net 14.88 down at 1,436.50. Turnover remained heavy, amounting to HK$664.23m, against Wednesday's HK$672.33m.

There was general antipathy in the market yesterday to an announcement on Wednesday night that Jardine Matheson had issued 25m new shares to Hong Kong Land. The first hour of business saw the index fall 35 points as shareholders sold their Jardine and Land holdings.

However, a major broker entered the market later in the morning to support the Jardine and Land shares, which had fallen to HK$25.00 and HK$19.50 respectively, and the index finished the morning session down 11 points.

The same broker made a further sortie into the market in the afternoon to force up the two companies' shares, and Jardine finished unchanged on balance at HK$30.25 and Land a net 30 cents off at HK$20.60.

Other shares generally moved in sympathy, with the leaders recording mainly modest declines on the day.

Outside the leaders, Green Island Cement lost 50 cents to HK$63.00 and Hong Kong Hotels also 50 cents to HK$45.00, but China Light gained 20 cents to HK$23.80 and Hopewell 70 cents to HK$17.70.

Milan

Stock prices showed renewed buoyancy and several brokers expressed amazement over the "unbelievable" extent of the market surge. The Banca Commerciale Italiana index advanced 5.69 to a peak for the year of 180.12.

Buying, as a refuge investment against mounting inflation was the major factor attracting new investors and large capital, brokers said.

Australia

Stocks emerged from the doldrums of the past week in a modest local buying surge which pushed up most major Mining and Energy issues, with Gold shares climbing following a rise in world Bullion prices overnight. The Sydney All Ordinaries index rose 8.21 to 1,013.73 and the Metals and Minerals sub-group index 98.27 to 6,875.75.

The Oils sector, which has attracted some demand over the past two days while other sectors of the market lacked interest, moved broadly higher yesterday.

Ampol Petroleum rose 13 cents to A$1.90 on hopes that Pioneer Concrete, up 2 cents at A$2.82, would raise its offer from A$1.70 per Ampol share.

Woodside Petroleum put on 10 cents to A$2.50 and Chief Oil 6 cents to 54 cents. Amadeus Basin explorers mostly moved further ahead, Magellan adding 30 cents at A$11.50 and Oilmin 5 cents at A$4.05, but Flinders receded 15 cents to A$1.80.

Among Oil Shales, Central Pacific gained 40 cents to A$10.30, Southern Pacific 20 cents to A$3.95, Esperance 30 cents to A$5.00, Greenvale 20 cents to A$4.30 and Pan D'Or 35 cents to A$3.50.

Among speculative Gold issues, Kitchener rose 30 cents to A$3.00, Meekatharra 65 cents to A$2.30, Square Gold 40 cents to A$2.75 and Cliffminex 10 cents to A$1.38.

MIM advanced 20 cents to A$5.60 after news that it had bought the controlling interest in the A$500m Oaky Creek coal project. Coal concern Oakbridge were 35 cents up at A$4.85.

Germany

Shares remained easier inclined in light trading, with continued Bond market weakness and expectations of higher U.S. interest rates keeping sentiment depressed.

Public Authority Loans were as much as 50 pfennigs lower, with the Bundesbank purchasing a further DM 61.9m nominal of stock.

Johannesburg

Gold shares closed higher on the Bullion price rise, with moderate overseas interest noted during fairly active trading.

Western Areas gained 25 cents to R12.95 after news that an underground fire seemed to have been extinguished.

Closing prices for North America were not available for this edition.

NEW YORK

Stock	Oct. 29	Oct. 28	Stock	Oct. 29	Oct. 28
Chrysler	8	7⅞	Genesco	5¼	5¼
Chubb	38⅛	38¼			
Cincinnati Mil.	49¼	48½	Genuine Parts	26½	26¼
Citicorp	19⅜	19⅜	Georgia Pac.	26⅛	26⅛
Cities Service	44½	45	Geosource	99¾	100⅛
City Investg.	24¼	24¼	Gerber Prod.	24	24½
Clark Equipment	34¾	34⅝	Getty Oil	87⅞	88
Cleve Cliffs Iron	30¼	30½	Giddings Lewis	33¾	33¼
Clorox	10	10	Gillette	28¼	29⅛
Cluett Peaby	9¼	9½	Global Marine	48¾	48½
Coca Cola	30¾	30¾	Goodrich (BF)	23	23
Coca Btl. NY	6¼	6¼	Goodyear Tire	16⅞	16⅞
Colgate Palm.	14⅜	14⅜	Gould	21⅞	22⅛
Collins Aikman	8½	8¼	Grace	49⅜	49⅞
Colt Inds	46¼	47⅛	Grainger (WW)	36⅛	36

Stock	Oct. 29	Oct. 28	Stock	Oct. 29	Oct. 28
St. Louis San F.	97¼	96	Wisc Elec Power	22⅝	22¾
St. Paul Cos.	35⅝	35⅜	Woolworth	24⅝	24¾
St. Regis Paper	33⅛	33⅛	Wrigley	33⅞	34⅞
Sante Fe Inds.	78½	77⅝	Wyly	18⅛	18⅝
Sante Fe Intl.	58½	58⅛	Xerox	62½	64⅜
Saul Invest	9¼	9½	Yellow Frt Sys.	15⅞	15⅞
Saxon Inds.	7⅞	8	Zapata	56	55
Schering Plo.	38⅝	38⅝	Zenith Rad	19¼	19⅝

Indices

NEW YORK —DOW JONES

	Oct. 29	Oct. 28	Oct. 27	Oct. 24	Oct. 23	Oct. 22	1980 High	1980 Low	Since C'mpil't'n High	Since C'mpil't'n Low
◆Industr'ls	929.18	952.58	951.74	948.60	959.61	956.12	974.57 (22/9)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	66.08	66.09	66.21	66.61	66.59	66.94	78.61 (25/6)	65.87 (28/3)	—	—
Transport.	365.74	365.94	365.14	375.47	373.85	381.08	381.08 (22/10)	235.69 (27/3)	381.08 (22/10/80)	12.25 (8/7/32)
Utilities	111.43	111.85	112.01	112.74	112.85	113.07	115.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's†	37,200	40,300	34,430	41,220	49,690	48,220	—	—	—	—

◆Day's high 941.64 low 925.68

Ind. div. yield %	Oct. 24	Oct. 17	Oct. 10	Year ago (approx)
	5.71	5.63	5.66	6.16

STANDARD AND POORS

	Oct. 29	Oct. 28	Oct 27	Oct. 24	Oct. 23	Oct. 22	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	145.64	145.89	145.50	147.82	147.58	150.30	152.64 (15/10)	111.09 (27/7)	152.64 (15/10/80)	3.52 (30/6/32)
§Composite	127.91	128.05	127.66	129.85	129.53	131.92	133.70 (15/10)	98.22 (13/2)	133.70 (15/10/80)	4.40 (1/6/32)

	Oct. 22	Oct. 15	Oct. 8	Year ago (approx)
Ind. div. yield %	4.44	4.37	4.42	5.46
Ind. P/E Ratio	9.15	9.29	9.12	7.46
Long Gov. Bond Yield	11.80	11.41	11.48	10.30

N.Y.S.E. ALL COMMON

Oct. 29	Oct. 28	Oct. 27	Oct. 24	1980 High	1980 Low
73.80	73.84	73.82	74.90	77.24 (15/10)	55.30 (2/8)

Rises and Falls	Oct. 29	Oct. 28	Oct. 27
Issues Traded	1,888	1,929	1,913
Rises	671	585	372
Falls	788	923	1,186
Unchanged	429	421	355
New Highs	(u)	19	24
New Lows	(u)	17	15

MONTREAL

	Oct. 29	Oct. 28	Oct. 27	Oct. 24	1980 High	1980 Low
Industrial	383.74	335.22	391.94	395.14	428.80 (29/9)	323.21 (27/3)
Combined	362.86	366.32	365.65	369.66	378.98 (20/10)	296.90 (27/3)
TORONTO Composite	2381.4	2321.9	2301.8	2319.4	2366.3 (20/10)	1702.5 (27/3)

	Oct. 30	Oct. 29	Oct. 28	Oct. 27	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1936/59)	1013.73	1005.52	1005.56	1005.88	1025.29 (20/10)	760.00 (2/1)
Metal & Minrls. (1936/59)	6875.75	6777.48	6761.23	6783.82	7025.52 (20/10)	4581.26 (28/5)
AUSTRIA						
Credit Aktien (2/1/62)	66.65	66.65	66.81	67.30	69.40 (7/1)	65.59 (19/8)
BELGIUM						
Belgian SE (31/12/63)	89.96	90.56	89.28	88.84	106.75 (11/2)	85.95 (21/10)
DENMARK						
Copenhagen SE (1/1/73)	96.36	96.61	96.70	96.72	96.72 (27/10)	74.79 (6/8)
FRANCE						
CAC General (29/12/61)	118.5	117.3	116.5	116.0	118.5 (30/10)	87.1 (3/1)
Ind Tendance (28/12/79)	119.5	118.8	118.0	117.3	119.4 (16/9)	95.5 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	226.06	226.34	226.71	227.41	238.89 (25/2)	212.73 (28/5)
Commerzbank (Dec.1953)	705.2	705.1	706.0	709.3	749.2 (25/2)	667.9 (27/5)
HOLLAND						
ANP-CBS General (1970)	86.4	86.0	86.1	86.3	88.9 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	64.1	65.8	64.2	64.7	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1436.50	1451.38	1471.93	1473.66	1479.38 (27/10)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	180.12	174.43	172.27	172.34	180.12 (30/10)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	7124.78	7113.53	7088.44	7089.19	7176.33 (20/10)	6475.95 (27/5)
Tokyo New SE (4/1/68)	494.69	493.54	491.86	491.66	497.96 (20/10)	449.01 (10/5)
NORWAY						
Oslo SE (1/1/72)	124.24	124.42	123.68	124.14	144.70 (14/2)	110.12 (28/5)
SINGAPORE						
Straits Times (1966)	666.76	661.67	659.21	664.92	671.32 (23/10)	429.75 (6/1)
SOUTH AFRICA						
Gold (1958)	(u)	934.9	905.5	894.6	1026.1 (22/9)	649.5 (2/7)
Industrial (1958)	(u)	650.6	649.1	642.1	650.6 (29/10)	456.0 (2/1)
SPAIN						
Madrid SE (29/12/78)	109.23	109.37	109.82	(c)	111.17 (16/9)	85.76 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	382.56	377.67	374.78	375.69	386.88 (8/2)	334.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	305.5	304.0	301.5	305.0	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	157.5	156.8	156.7	161.0 (15/10)	130.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
S'land Royalty	743,900	64	+½
S. Juan Royalty	724,000	13¼	+½
Texaco	661,300	38⅞	+⅝
Mobil	657,900	75⅛	−4⅞
Am. Tel. & Tel.	527,200	49¼	−⅛
Gulf Oil	492,600	41¼	−1⅞
Ralston Purina	470,400	10⅝	−¼
Atl. Richfield	384,300	61¼	+2⅞
IBM	383,800	65¼	−⅞
Caro Power	375,600	17½	−⅛

Sri Lanka to allow tea imports

By Mervyn de Silva in Colombo

SRI LANKA, the second biggest tea producer in the world has decided to allow duty-free imports of tea for purposes of blending, packeting and sale as tea bags.

Announcing this yesterday trade and shipping minister Lalith Athulathmudali said that Sri Lanka had slipped down badly in the international tea trade. Only 10 per cent of its exports which still form the country's top foreign exchange earner consists of tea in packets and bags.

He identified three causes for Sri Lanka's failure to maintain its position in the tea business—new consumer tastes, the advent of new centres of blending and packeting (Hamburg, Rotterdam and Singapore) and aggressive marketing methods. Much of the profit, and value-added benefits, did not accrue to the producer but were being appropriated by blenders, packers and other intermediary processing agents, he said.

Sri Lanka's main disadvantage was the absence of certain "filler" teas of varying grades and qualities required to meet the special consumer demands of some markets. Such teas were not locally grown. Further, the island did not produce sufficient quick brew tea essential for blending.

Meanwhile both the Tea Traders Association and the Tea Board have warned the Government of other dangers facing the tea industry. Nationalisation of estates, land reform and the exodus of trained personnel (British and Sri Lankan) to East Africa have affected production and management. Recently the Asian Development Bank has given $12m for the modernisation of tea factories and training of personnel.

Eggs cost more

Financial Times Reporter

EGG PRICES are going up by up to 4p a dozen next week because of increased demand.

A spokesman for Goldenlay, Britain's largest egg farmer co-operative, said it was normal for prices to rise as people ate more eggs with the onset of cold weather.

Sizes 1 and 2, 5 and 7 will rise 2p a dozen next week, sizes 3 and 6 by 3p a dozen, and size 4 up 4p a dozen.

Copper falls on Asarco talks

BY JOHN EDWARD, COMMODITIES EDITOR

COPPER prices fell back on the London Metal Exchange yesterday following news that Asarco—one of the big three U.S. producers still shut down by the copper workers strike—was resuming talks with the unions next week for the first time since October 9.

Resumption of negotiations came at the request of Federal mediators, but the pressure on Asarco to reach a settlement has been intensified by agreements reached by several of its other big competitors, including the tentative pact by Newmont Mining (Magma Copper) last weekend. Among the big companies, Kennecott and Phelps Dodge have returned to work.

Meanwhile it was confirmed by Nippon Mining in Tokyo that negotiations are under way between Anaconda and seven Japanese copper smelters on the supply of copper concentrates from the U.S. on a long-term contract basis. Anaconda announced recently it would supply Japan with 380,000 tonnes of ore annually from its three mines in the U.S. following the closure of its refineries due to pollution controls.

In Lima it was reported that workers at the Toquepala copper mine had ended a 15-day strike.

Copper cash wirebars closed £9.75 lower at £843.75 a tonne on the London Metal Exchange. Tin also fell, with the cash price losing £50 to £6,705 a tonne — the lowest level for 13 months.

USSR purchases silver

BY DAVID MARSH

THE SOVIET UNION has emerged as an important purchaser of silver from the Zurich market this autumn. Swiss Customs figures show that the Russians imported 8.3 tonnes of silver worth SwFr 7.9m (£1.9m) from Switzerland in September, following imports of nearly 23 tonnes in August.

The August shipment was the first significant delivery to Russia so recorded this year. The Soviets imported about 16 tonnes a year in 1979 and 1978, the first time such transfers had shown up in Swiss satistics for at least 10 years.

Soviet purchases on the silver market have been rumoured lately, and were said to be partly responsible for the rise in the price through the $20 per ounce level during the last month or so. The price has since drifted down to just below $20.

The Soviet Union itself is an important silver producer, with most of its output being used for domestic consumption.

Bullion dealers have been somewhat mystified by the increase in Russian imports. It is assumed that the shipments to Moscow have reflected a shortfall in domestic production or an increase in consumption for jewellery or industrial uses. But it is not entirely ruled out that Wozchod Handelsbank, the Soviet bank in Zurich that trades in gold and silver, may have been purchasing silver as part of a dealing operation.

The Swiss figures also highlight other Eastern Block activity. Poland has delivered 89 tonnes of silver to the Swiss market in the first nine months this year—the bulk coming in April to June—up from 42 tonnes in 1979 and 89 tonnes in 1978. The higher silver price is thought to have encourage increased Polish production. But the shipments may also partly reflect the country's economic difficulties. Shipments are also up from North Korea so far this year, to 54 tonnes from 40 tonnes in the whole of 1978.

September saw the release of considerable silver hoards from the Middle East, with the Lebanon and the United Arab Emirates between them bringing in over 19 tonnes to the Swiss market.

Stricter EEC sales control urged

THE UK GOVERNMENT is opposed to the export of subsidised produce to the Soviet Union and wants the EEC to exercise stricter monitoring, the foreign office said yesterday.

This comment followed Brussels reports that the Soviet Union had bypassed the U.S. grain embargo against it by buying 500,000 tonnes of animal feed from the EEC through West German traders.

The EEC cereals management committee was still in session discussing the subject of processed animal feeds late last night.

According to the Brussels reports, the EEC had taken steps to prevent further such sales, but the Community might have to pay a significant subsidy on the deal.

A Foreign Office spokesman said: "We are most concerned about these reports ... we shall press the EEC Commission for details and also ask them to sustain the new restrictions. This development confirms the need, which we have urged, for adequate monitoring.

"We remain totally opposed to the export of subsidised produce to the Soviet Union."

In Washington, the U.S. agriculture department said it welcomed the EEC Commision's temporary suspension of export rebates for grain products, a move they said was designed to prevent further exports of mixed feed of the Soviet Union.

"Shrewd traders found a loophole and took advantage of it. We were glad the EEC closed the loophole quickly," one USDA official said.

The EEC failed to ban the USSR as a destination for export restitutions on grain products when it introduced a ban on rebates for whole grains in support of the U.S. grain trade restrictions against the Soviet Union.

At the state department, one official said the Soviet Union previously had never been interested in buying mixed feed from the U.S. or the EEC because of its high cost.

● The U.S. plans a December meeting with the Soviet Union, to discuss the ocean shipping provisions of the fifth year of the five year U.S./USSR grains supply agreement.

Topics to be discussed include ocean grain freight rates, the number of U.S. and USSR flag ships used in the grain trade and the percentage of USSR grain shipments each country carried in the prior year.

Rally in sugar values

By Our Commodities Staff

WORLD SUGAR values rallied yesterday afternoon with the March position on the London futures market ending the day £4.525 higher at £413.65 a tonne.

This week's sugar price recovery began on Tuesday after the March position had slipped to £395 a tonne. It has been influenced by Iranian buying and talk of further Russian demand.

Yesterday influential sugar statistician F. O. Licht said Soviet sugar crop prospects were still bad in spite of improved harvesting conditions in recent weeks.

In his latest market review Licht quoted a Pravda report which admitted the USSR sugar harvest might well be "one of the worst in years."

In New Delhi meanwhile Indian Agriculture Minister Mr. R. V. Swaminathan was reported to have said that India would import no more sugar this year.

The Minister said there would be no additions to the 200,000 tonnes already imported by India this year. The imports were caused by drought-hit local production of only 3.9m tonnes in the year to September 30 compared with 5.86m tonnes in 1978-79.

Spain in EEC by 1984 citrus importers told

By a Correspondent

SPAIN NOW expects to enter the European Economic Community towards the end of 1983, the Spanish Ambassador to London, the Marques de Perinat, told British citrus importers.

The ambassador speaking at a reception to launch the 1980-81 Spanish citrus season said talks had been going on in London recently between Spain's Minister of Agriculture, Sr. Lamo de Espinosa, and his British counterpart, Mr. Peter Walker, on tariff arrangements and the safeguarding of third countries' interests.

Sr. Julio de Miguel, president of the Valencia-based Citrus Management Committee, said that the Spanish crop of just under 3m tonnes this year was slightly heavier than last season. Sales abroad of about 1.8m tonnes, worth some $700m, would make Spain the world's largest citrus exporter.

UK CEREALS

The benefits of spring barley

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

FOR MANY years I made a modest living growing spring barley and milking cows. The returns were not spectacular, but then neither were the stresses on the farmer—me. Once you employed a good cowman on piecework and left him to it the cash flow always seemed to grease the farming machinery without bothering the bank manager too much.

When the cows went for reasons of family strategy, the absence of the monthly milk cheque was more than I could bear, and I replaced 100 cows of sows, and the results seem to be about the same.

Spring barley growing was and is quite a simple job. But then the returns are nothing like as spectacular as from wheat and winter barley grown with every modern artifice of seed, fertiliser and chemicals. On some fields my spring barley yields grown over a long run of years varied between 28 cwts an acre in a bad year to more than 2 tonnes in a good one. The results were more dependent on the summer's climate than on any other factor.

No water

My original reason for adopting this sort of husbandry was because I took over land where there was no water for livestock and therefore no point in growing grass. Also that in this district, Hampshire, there were no really viable break crops like the sugar beet, potatoes and vegetable crops which are available to farmers in other parts of the country. There is an alternative in grass seed, but this is a crop very vulnerable to bad weather and to market fluctuation which makes it a real gamblers enterprise and only to be recommended in very small doses. More significantly spring barley was the only crop that did not seem to need rotation.

I did not grow wheat except after a break crop such as grass and I did not grow winter barley for the simple reason that there were no satisfactory varieties on the market. In any case it was considered immoral to do so for fear of carrying disease over the winter. In Denmark even now it can only be grown under quite severe restrictions.

Then some ten years ago there came an explosion in cereal yields, sparked off by some spectacular results from the plant breeders assisted by the chemists who developed materials which could control pests and diseases. These seemed to enable farmers to disregard any idea of crop rotation.

My humble yields of less than two tonnes an acre were dwarfed by the 3 and 4 tonnes claimed by others, and I began to get unsettled. I went to demonstrations and visited other farmers. In fact I joined the rat race.

Seed bed

At first all went well. Winter barley is a good crop to grow if everything goes well, and a main advantage over spring barley is that it is not affected by spring drought. I also adopted the fashionable technique of minimal cultivations to make a seed bed instead of ploughing. In other words I just scratched the soil instead of working it properly and relied on chemicals to kill the weeds. For three years all went well.

I did the same with wheat. The yields, while not as spectacular as others claimed, were certainly adequate. I thought, as many other have, that I was on to a good thing. But not any more.

The benefit of continuous spring barley growing is that you have all the time in the world between harvest and planting the following March to make sure the land is clean. Also when spring sowing the days are steadily getting longer. In the case of autumn sown crops there is perhaps a month between harvest and when the seed should begin to be sown, which hardly leaves time for more than the most cursory of cultivations.

But my chickens have really come home to roost after this wet summer, particularly where wheat was being grown. Because of the moisture the grass weeds flourished and went on growing while the wheat was ripening with the result that I have got some very dirty stubbles. There are, it is true, chemicals to deal with these and I have spent a fortune on them. But here the weather has taken a hand and made it very difficult indeed to supplement the chemicals by the necessary cultivations to make sure the weeds do not recur.

The problem with wheat is that it is in the ground for 10 to 11 months and this gives the grass weeds and some others every opportunity to get established. After several walks around the farm in an increasing state of depression I determined that no crops would be sown in the autumn except in land in which no such weeds were present. And that this would be particularly applied to wheat because it is far worse as a harbourer of weeds than winter barley.

Encouraged

This decision immediately took the pressure off the cultivation programme, which was getting pretty frantic and enabled a good job to be made of the better fields. The final result will be 40 per cent wheat, and 30 per cent each of winter and spring barley. I am encouraged by my return from spring barley this year, not a terribly good season by all accounts. My own crop yielded 40 cwts, only 12 per cent less than my winter barley, left a clean stubble and cost considerably less in terms of fertilizer and chemicals.

But what about rotation you may ask? I do still have about 20 per cent of my total arable acreage in sheep pasture, grass seeds and peas. The grass seeds and peas are a dead loss this year, and the slugs have eaten half the new sown grass this autumn before we could stop them. So spring barley it will have to be in future.

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange following reports that Asarco are to hold talks with striking copper workers and that Magma have ratified their tentative agreement with copper workers. Three months copper opened around the £883 level but eased to £881 on speculative selling. During the afternoon the market came under pressure ahead of the Asarco news and forward metal dropped to £872.5 before closing the late kerb at £874.5. Turnover 26,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	850.5-1	—1.75	843.5-4	—10½
3 months	879-.5	—1.5	874-.5	—7.25
Settlem't	851	—2	—	......
Cathodes				
Cash	824-5	......	817.5-9	—10½
3 months	851-2	—.25	846.5-7	—6.25
Settlem't	825	......	—	......
U.S. Prod	—	......	*93.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £852, 51, 50, 50.5, three months £881, 80, 79.5, 79. Cathodes, cash £824. Kerb: Wirebars, three months £880, 80.5. Afternoon: Wirebars, cash £845, 44, three months £875, 74, 74.5, 74, 73.5, 74, 74.5. Kerb: Wirebars, three months £874, 73.5, 73, 74.

TIN—Lower again following a fall on the Penang market. Forward metal opened at £6,820 and eased on modest selling pressure to touch £6,775 in the rings. In the afternoon buying against U.S. physical interest held the market steady around this level with three months closing the late kerb at £6,775. Turnover 860 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6680-90	—110	6700-10	—50
3 months	6770-80	—87.5	6770-5	—63.5
Settlem't	6690	—110	—	......
Standard				
Cash	6680-90	—110	6700-10	—50
3 months	6770-80	—87.5	6770-5	—63.5
Settlem't	6690	—110	—	......
Straits E.	‡$2086	—19	—	......
New York	—	......		

Morning: Standard, cash £6,690, three months £6,800, 6,790, 80, 75, 70, 80, 75, 70. Kerb: Standard, three months £6,775. Afternoon: Standard, cash £6,710, 6,700, 6,710, three months £6,780, 70, 75, 80, 75. Kerb: Standard, three months £6,775.

LEAD—Lost ground influenced by the trend in copper. Forward metal opened at £358 and fell to £355 in the morning before recovering to £359 on the morning kerb following demand for cash metal. However, the price met renewed pressure during the afternoon and three months slipped further to close the late kerb at £353.5. Turnover 4,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	344-5	......	338-9	—4
3 months	359.5-9	—1.5	354-.5	—3.25
S'ment	345	......	—	......
U.S. Spot	—	......	*42.45	......

Morning: Cash £341, 44, three months £356, 55.5, 55, 55.5, 56, 57, 58, 58.5. Kerb: Three months £358, 57. Afternoon: Three months £355, 54, 53, 52, 53, 54, 53.5, 54. Kerb: Three months £353.5, 53.

ZINC—Barely changed in subdued trading. Forward metal edged up to £343 in early trading but interest faded and modest profit-taking pared the price to a close of £338.5 on the late kerb. Turnover 4,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	329-30	—2.75	328-30	—.5
3 months	340-1	—2.25	339-.25	—2.12
S'ment	330	—2.5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Cash £330, three months £340. Kerb: Three months £339. Afternoon: Three months £338, 38.5, 39. Kerb: Three months £338.

ALUMINIUM—Gave ground following nervous selling and long liquidation which depressed forward metal from £685 to a close on the late kerb of £675. Turnover 10,550 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	651-2	—7	646-8	—11
3 months	679-80	—5	674-5	—10

Morning: Cash £655, three months £685, 84, 83, 81, 80, 79. Kerb: Three months £679, 77, 76, 75, 77, 76.5, 77, 78, 79. Afternoon: Three months £676, 74, 75, 76, 75. Kerb: Three months £674, 75.

NICKEL—Marginally firmer in quiet trading with forward metal moving ahead from £2,730 on the pre-market to a close of £2,752.5 on the late kerb. Turnover 114 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2700-5	+4.5	2710-20	+18.5
3 months	2735-40	—.5	2750-5	+15.5

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

Morning: Cash £2,695, 2,700. Afternoon: Three months £2,740, 45, 50. Kerb: Three months £2,750.

SILVER

Silver was fixed 13.3p an ounce higher for spot delivery in the London bullion market yesterday, at 796.3p. U.S. equivalents of the fixing levels were: spot $19.453, up 32.8c; three-month $20.143, up 35.1c; six-month $20.828, up 28.4c; and 12-month $22.222, up 26.8c. The metal opened at 802p-811p ($19.60-19.80) and closed at 791p-800p ($19.30-19.50).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	796.30p	+13.3	790.5p	+6
3 months	826.90p	+12.7	823.25p	+7.25
6 months	856.75p	+10.5	—	......
12months	915.05p	+9.85	—	......

LME—Turnover 94 (73) lots of 10,000 ozs. Morning: Three months 827, 28.5. Kerbs: Three months 827. Afternoon: Three months 824, 25, 24.5, 25, 24, 23.5, 23. Kerbs: Three months 824.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Oct. 349 buyer, nil, nil; Dec. 359, 363, nil, nil; Jan. 361, 364, nil, nil; March 365, 369, 370, 10; May 368, 372, nil, nil; Aug. 374, 380, 381-380, 3; Oct. 380, 383, nil, nil; Dec. 381, 384, nil, nil; Jan. 382, 385, nil, nil; March 384, 388, nil, nil. Sales 13.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound Dec. 467.0, 467.5, 468.0-465.0, 93; March 491.5, 492.5, 493.5-491.0, 108; May 503.50, 504.0, 505.5-504.0, 97; July 513.5, 515.0, 515.0-513.0, 112; Oct. 513.0, 514.0, 515.0-514.0, 27; Dec. 515.0, 515.8, 516.0-516.0, 8; March 519.0, 520.0, 520.0-520.0, 16. Sales 461.

COCOA

Cocoa futures were barely steady throughout a very quiet day during which prices eased £5 lower. Producers remained withdrawn and consumer interest was limited to light price fixing by manufacturers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec	917-918	—6.0	927-916
March	959-960	—5.0	967-956
May	979-980	—5.0	986-977
July	996-999	—4.0	1005-997
Sept	1016-17	—8.0	1025-17
Dec	1039-40	—7.5	1045-38
March	1061-65	—7.5	1066

Sales: 1,923 (2,250) lots of 10 tonnes.

ICO Futures. Daily price for Oct. 29: 101.37 (101.02). 10-day average 104.09 (104.55): 15-day average 104.76 (104.93).

COFFEE

A more active opening than usual heralded commission house and trade selling on robustas, reports Drexel Burnham Lambert. However, current support levels held and for the rest of the session prices hovered just under unchanged levels. Afternoon dealings were also thin with near switches the dominant feature. The close, however, saw commission house and stop-loss selling as support levels were at last breached. Values finally finished near the lows £5-£15 down.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1038-44	—12.5	1049-38
January	1065-67	—14.5	1080-65
March	1037-39	—7.5	1048-36
May	1040-41	—11.0	1049-40
July	1048-50	—5.5	1059-47
Sept	1047-50	—9.5	1058-50
Nov	1040-60	—5.5	—

Sales: 2,579 (1,481) lots of 5 tonnes.

ICO indicator prices for October 29 (U.S. cents per pound). Other Mild Arabicas 124.50 (125.00). Robustas ICA 1976 124.75 (126.00). ICA 1968 125.00 (126.25). Unwashed Arabicas 208.50 (209.00). Comp. daily ICA 1968 156.42 (157.08).

GRAINS

LONDON GRAIN FUTURES—Old crop wheat opened 25p-30p lower and sellers eased values a further 10p, where good buying support was seen from shipper sources. Barley values eased with selling pressure on the spot month and values closed 60p-75p lower on the day. Wheat values on the nearbys recovered slightly and closed 35p-60p down. New crops did not trade and closed unchanged, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Nov	98.30	—0.45	92.50	—0.75
Jan	102.15	—0.55	96.85	—0.65
Mar	106.10	—1.50	1001.85	—0.59
May	110.10	—0.60	104.55	—0.65
July	114.10	—0.80	—	—
Sept	99.15	+0.15	94.75	......

Busines done—Wheat: Nov. 98.45-97.95, Jan. 102.40-101.90, March 106.40-105.85, May 110.40-109.90, July 114.30-114.30, Sept. no trade. Sales: 282 lots of 100 tonnes. Barley: Nov. 92.75-92.15, Jan. 97.20-96.65, March 101.10-100.75, May 104.95-104.30, July no trade, Sept. no trade. Sales: 332 lots of 100 tonnes.

LONDON GRAINS — U.S. Dark Northern Spring No. 2 14 per cent Oct. 101.25, Nov. 103.50, Dec. 105.75 transhipment east coast seller. U.S. Hard Winter 13½ per cent Dec. 103.50 transhipment east coast seller. Maize: French Nov. 118.75, Dec. 119.75 east coast sellers. S. African Yellow Nov./Dec. 85.50 seller. Rest unquoted.

RUBBER

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Dec	62.00-62.10	61.80-61.90	62.00-61.80
Jan	63.10-63.50	62.90-63.20	—
Jan-Mar	64.50-64.40	64.10-64.40	64.60-63.60
Apr-Jne	68.10-68.20	68.00-68.10	68.20-67.70
Jly-Sept	71.30-71.40	71.10-71.20	71.50-70.90
Oct-Dec	74.20-74.30	74.00-74.20	74.00-73.80
Jan-Mar	77.10-77.20	76.90-77.10	76.90-76.80
Apl-Jne	79.80-80.00	79.60-80.10	79.80
Jly-Sept	82.80-82.90	82.40-85.00	82.10

SOYABEAN MEAL

The London market opened with losses of £1.50 with trade selling, reports T. G. Roddick. Commission house support kept prices steady and late in day the market rallied to close with gains of 50p.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
December	147.00-48.0	—0.20	148.40-45.90
February	154.80-54.1	+0.05	154.20-51.40
April	155.00-55.9	+0.05	155.80-53.70
June	155.60-56.0	—0.05	155.00-53.80
August	155.50-55.9	+0.25	151.80
October	155.90-58.5	—0.15	158.00
December	152.80-57.9	—1.0	—

Sales: 273 (623) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £377.00 (£376.00) a tonne cif for Oct.-Nov.-Dec. shipments. White sugar daily price was £378.00 (£374.00).

Overnight levels were not held and trade selling quickly found the market lower. A report that the Thailand Government were shortly going to raise the embargo on sugar exports probably aided the easier sentiment. The market again found support however around £407 value March and by the close had recovered to £413.50, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Jan	404.80-05.50	401.00-02.00	402.00-398.8
Mch	413.55-13.75	409.00-09.25	415.00-08.75
May	412.25-12.50	407.25-07.50	413.00-04.75
Aug	391.00-92.00	384.50-84.75	390.75-84.00
Oct	368.00-69.75	352.10-52.75	361.00-52.00
Jan	351.00-52.00	321.10-22.00	—
March	322.50-24.00	313.00-14.50	316.50-14.00

Sales: 9,936 (13,522) lots of 50 tonnes.

NUMBER 2 CONTRACT — Close (business and sales only): Oct. unquoted, 370.00, 4. Sales 4 (0).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £491.00 (£475.00) for export.

International Sugar Agreement (U.S. cents per pound, fob and stowed Caribbean port). Prices for Oct. 29. Daily price 39.70 (38.50); 15-day average 40.88 (same).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 338 tonnes bringing the total for the week so far to 874 tonnes. Useful operations continued with a sustained demand in various qualities. Interest generally centred on African as well as North and South American growth.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 59.0 to 64.2. Ulster hindquarters 67.2 to 70.7, forequarters 44.2 to 46.7. Eire hindquarters 66.8 to 69.8, forequarters 43.5 to 45.5. Veal: Dutch hinds and ends 96.0 to 102.0. Lamb: English small 43.5 to 49.5, medium 42.2 to 46.6, heavy 38.0 to 44.0. Scotch medium 42.0 to 44.0. Imported frozen NZ PL 53.0 to 54.0. Pork: English, under 100 lbs 44.0 to 50.0, 100-120 lbs 42.0 to 49.0, 120-160 lbs 40.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets on October 30. GB Cattle 70.07p per kg lw (+1.05). UK Sheep 93.87p per kg est dcw (—7.07). GB Pigs 68.52p per kg lw (—2.92).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navelinas 48/64/80 6.00, 70/80 5.80, 90 5.60, 100/110 5.50, 120 5.40; Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.50-3.60. Lemons—Spania: Trays 25/45 2.40-3.00; Turkish: 10 kg 4.00-4.80; Cypriot: 10 kg 4.80-5.50. Grapefruit—Cypriot: 36/42/48/54 4.00-4.50; Cuban: 4.00-4.20; Jaffa: 15 kg 36 5.35, 42 5.25, 48 4.90, 60 4.60, 70 4.30; Dominican: 3.50-5.00. Satsumas—Spania: 210/195/189 2.70-3.00, 168 2.80-3.10, 154 3.20-3.30, 144 3.30-3.50, 126 3.60-3.80, 105 3.60-3.80. Apples—French: Starkcrimson large boxes 3.60-4.30, Golden Delicious approx. 20 lb 72 1.80-2.30, 84 1.50-1.80; 40 lb 125/163 3.00-4.20, Granny Smith 20 lb 72 2.10, 84 1.50-1.60; Greek: Starking 150 4.50; Dutch: Cox's Orange Pippins per pound 0.09; Belgian: Golden Delicious 65/70 28 lb 1.80. Pears—Italian: Per pound Williams 0.13-0.16, Beurre Hardy 0.12, Passacrassana 0.13-0.14; Dutch: Conference 0.11-0.12; Belgian: 0.07-0.08. Plums—Italian: Boxes, Stanleys per pound 0.10. Grapes—Italian: Italia 2.30-3.00; Spanish: Almeria 2.30-2.50, Black 2.60-2.80. Pomegranates—Spanish: 40/60 2.00-2.20. Melons—Spanish: Yellow 10 kg 3.00-3.50, Green 7/11s 2.30-2.60. Tomatoes—Jersey: 1.30-1.60; Spanish: 2.60-3.20; Dutch: 2.80-3.00; Canary: 2.40-2.60. Onions—Spanish: 3.80-4.00; Dutch: Picklers 3.00, 10 kg 1.40. Cabbages—Dutch: White 2.80-3.00. Cucumbers—Canary: 10/14 2.40-2.80. Chicory—Belgian: Per box 3.20-3.50. Figs—Smyrna: Per ½lb packet 0.20. Dates—Algerian: Per packet 0.45-0.53. Chestnuts—Italian: 5 kg 4.20-5.20. Nuts—Brazils per pound large washed 0.28-0.30, medium 0.23; Walnuts Chinese 30mm 55 lb, per pound 0.30; Almonds large hard 0.38, medium 0.35, Ibiza 0.45, Pecan nuts 0.55; Filberts, Sicilian 18mm 0.45; mixed nuts 0.28; French Grenobles 0.55; Peanuts per 28 lb 7.50.

English Produce: Potatoes—Per bag 1.20-2.00. Mushrooms—Per pound 0.40-0.70. Apples—Per pound Bramleys 0.05-0.08, Spartans 0.08-0.10, Worcester Pearmain 0.06-0.08, Cox's Orange Pippins 0.10-0.16, Russets 0.10-0.12. Pears—Per pound Conference 0.08-0.11, Comice 0.14-0.16. Plums—Per 12 Wyedales 1.50. Cabbages—Per bag 1.30, White cabbes 2.40. Cauliflowers—Per 12 1.30-3.20. Beetroots—Per bag 0.90-1.20. Cucumbers—Trays 10/20 2.20-2.80. Tomatoes—Per 12 lb 1.20-1.80. Lettuce—Per 12 round 1.30. Sprouts—Per pound 0.07-0.09. Corn Cobs—Each 0.06-0.08. Carrots—Per 28 lb 0.90-1.20. Onions—Per bag 2.50-2.80. Picklers 2.80. Celery—Per pack 20/30 2.80, naked 12/14 1.30-1.40. Capsicums—Per pound 0.25. Swedes—Per 28 lb Devon 0.80. Cob Nuts—Per pound 0.35. Parsnips—Per 28 lb 1.50-1.60.

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £4.00-£5.00. Large haddock £4.20-£5.20, medium £3.00-£4.30, small £1.80-£2.80. Medium plaice £3.80-£5.00, best small £3.00-£3.80. Skinned dogfish (large) £10.00-£11.00, (medium) £7.00-£8.50. Lemon soles (large) £10.50, (medium) £8.50. Saithe £3.60-£4.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 30 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1585/1625	—20	$1600/30
Copper			
Cash w'bar	£843.75	—9.75	£836
3 mths	£874.25	—7.25	£864.25
Cash Cathode	£818.25	—10.75	£809
3 mths	£846.75	—6.25	£837.5
Gold troy oz	$642.5	—1	$678.5
Lead Cash	£338.5	—4	£370.5
3 mths	£354.25	—3.25	£386.5
Nickel	£3,168	......	£3,168
Free mkt	285/310c	......	290/315c
Platin'm tr'y oz	£202	......	£202
Free mkt	£269.85	+0.2	£287.30
Quicksilver†	$405/415	......	$412/418
Silver troy oz	796.30p	+13.3	865.85p
3 mths	825.90p	+12.7	919.30p
Tin Cash	£6,705	—50	£6,965.5
3 mths	£6,771.5	—63.5	£7,105
Tungsten 22.04lb	$148.21	......	$146.42
Wolfrm 22.04lb	$145/148	......	$148/152
Zinc cash	£329	—0.5	£334
3 months	£339.125	—2.125	£345.5
Producers	$825	......	$760
Oils			
Coconut (Phil)	$590w	......	$570
Groundnut	‡	......	‡
Linseed Crude	‡	......	£393
Palm Malayan	$550x	—5	$475
Seeds			
Copra Philip	$565	......	$570
Soyabean (U.S.)	‡	......	$330
Grains			
Barley Futures	£96.85	—0.65	£97.65
Maize			
French No3 AM	‡	......	£120.5
Wheat			
No.1 Red Spg	‡	......	‡
No2 HardWint	£103.5z	—0.5	£99.50
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£998	—6	£1,046
Future Mar	£959.5	—5	£1,006.5
Coffee F't Jan	£1,066	—14.5	£1,075.5
Cotton A.Index	89.25c	+0.15	96.80c
Rubber (kilo)	60.50p	+1.5	62.75p
Sugar (Raw)	£377	+2	£387
Woolt'ps 64s kl	287p kilo	+2	282p kilo

‡ Unquoted. y Dec.-Jan. x Dec. r Nov.-Dec. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76 lb flask. * Nominal.

AMERICAN MARKETS

Wednesday's Closing Prices

NEW YORK, October 29.

Cocoa—Dec. 2058 (2061), March 2140 (same), May 2186, July 2231, Sept. 2276, Dec. 2331, March —. Sales: 3,708.

Coffee—"C" Contract: Dec. 125.00-125.20 (126.07), March 127.60-127.80 (128.57), May 128.75, July 130.10, Sept. 130.75-131.25, Dec. 131.75-132.50, March 133.00-133.25. Sales: 830.

Cotton—No. 2: Dec. 90.07-90.30 (91.30), March 90.95-91.10 (92.02), May 91.10, July 90.77-90.80, Oct. 85.90-86.00, Dec. 83.40, March 83.90-84.40, May —. Sales: 7,350.

*Gold—Nov. 638.0 (637.0), Dec. 644.0-648.0, Feb. 662.0-663.0, April 679.0-680.0, June 697.5, Aug. 715.8, Oct. 734.4, Dec. 753.2, Feb. 772.2, April 791.4, June 810.8, Aug. 830.3. Sales: 40,000.

Orange Juice—Nov. 90.35-90.40 (90.50), Jan. 92.55-92.60 (92.60), March 93.85, May 94.65-94.70, July 95.50-95.80, Sept. 96.40-96.50, Nov. 97.20-97.50, Jan. 97.80-98.00, March 98.30-98.80. Sales: 400.

*Platinum—Nov. 667.0 (—), Dec. — (—), Jan. 668.0-689.0, April 693.0-694.0, May —, July 722.0, Oct. 750.0. Sales: 1,221.

¶Silver—Nov. 1920.0 (1874.0), Dec. 1940.0-1945.0 (1895.0), Jan. 1959.0, March 2021.0-2025.0, May 2075.0, July 2130.0, Sept. 2179.0, Dec. 2253.5, Jan. 2285.0, March 2338.0, May 2391.0, July 2444.0. Sales: 6,000. Handy and Harman bullion spot 1925.0 (1847.0).

CHICAGO, October 29.

Chicago Imm Gold—Nov. — (—), Dec. 645.0-646.0 (641.7), Jan. — 654.0, March 670.0-671.0, April 679.0, June 697.0, July 705.8, Sept. 724.5, Oct. 733.5.

WINNIPEG, October 29.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 287.48 (289.71).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 30.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Nov. $230, Dec. $230, Jan. $239, Feb. $242. U.S. No Two Red Winter Oct. $226, Nov. $224, Dec. $228. U.S. No Two Northern Spring 14 per cent Oct. $224, Nov. $234.50, Dec. $229, Jan. $248.

Maize—Afl $172, Oct. $170, Nov. $170, Dec. $175, Jan./March $184, April/June $187, July/Sept. $184, Oct./Dec. $184.

Soyabeans—U.S. Two Yellow Gulfports Nov. $359, Dec. $368, Jan. $375, Feb. $382.50, March $386, April $392.50, May $393.75, June $394.75, July $395.75, Aug. $392, Sept. $368, Oct. $337.50, Nov. $336.25, Dec. $342 sellers. $382.50 paid.

Soyameal—44 per cent protein U.S. afl $341, Nov. $337, Dec. $331, Jan. $348, Nov./March $349. Brazil Pellets Nov. $351, Dec. $358, Nov./March $360.

PARIS, October 30.

Cocoa (FFr per 100 kilos)—Dec. 945/955, March 988/1005, May 1010/1028, July 1020/1045, Sept. 1050/1070, Dec. 1090/1110. Sales at call 0.

Sugar (FFr per 100 kilos)—Dec. 4115/4130, March 4260/4265, May 4275/4285, July 4100/4150, Aug. 4147/4160, Oct. 3845/3895, Nov unquoted, Dec. 3570. Sales at call 21.

The London physical market opened slightly easier, with little interest throughout the day, closing quietly steady. Lewis and Peat reported a fob November price for No. 1 RSS in Kuala Lumpur of 299 (300.75) cents a kilo and SMR at 245 (248).

Sales: 562 (221) at 15 tonnes, 30 (2) at 5 tonnes. Physical closing prices (buyer) were: Spot 60.50p (59.50p), Dec. 62.50p (62.25p), Jan. 63.50p (63.25p).

LONDON POTATO FUTURES—November buyers lowered prices from recent levels with sellers following down to £41.50 before a slight recovery at the close. February and April fell sharply until fresh buying entered the market mid-afternoon, putting April up slightly from the lows, and February recovering the day's losses, reports Coley and Harper. Closing prices: Nov. 42.00 —170 (high 43.00, low 41.50); Feb. 58.30 —10 (high 58.80, low 57.00); April 68.00 —130 (high 69.50, low 67.50). Turnover: 165 (137) lots of 40 tonnes.

INDICES

FINANCIAL TIMES

Oct. 29	Oct. 28	M'nth ago	Year ago
274.77	276.53	276.30	289.69

(Base: July 1, 1952=100)

MOODY'S

Oct. 29	Oct. 28	M'nth ago	Year ago
1321	1296.7	1313.4	1137.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 29	Oct. 28	Month ago	Year ago
Spot	480.73	482.18	463.10	400.30
F'tur's	500.43	502.39	485.72	405.1

(Average 1924-25-26=100)

REUTERS

Oct. 30	Oct. 29	M'nth ago	Year ago
1746.6	1748.8	1746.8	1680.1

Base: September 18, 1931=100)

Chicago cotton contract

CHICAGO—The Chicago Board of Trade membership has formally approved a proposal submitted by the CBT's board of directors to begin trading cotton futures.

The contract, which calls for delivery of 50,000 pounds (about 100 bales) of cotton, will now be submitted to the Commodity Futures Trading Commission (CFTC), the exchange said in a statement.

The members also approved, subject to CFTC approval, three amendments to exchange rules, firstly a plan to extend the renewal period for individuals leasing seats from exchange members to 90 days from 36 days.

COMPANY NOTICES

BANQUE NATIONALE DE PARIS

Floating rate note issue of US$250 million January 1980/88

The rate of interest applicable for the three-month period beginning October 29, 1980, and set by the reference agent is 14⁷⁄₁₆% annually. In other respects, holders of the above bonds are advised that Morgan Guaranty Trust Company of New York—New York, has been appointed as paying agent in lieu of BNP New York.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

7¼% Debenture Stock, 1990-92

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 17th to 28th November, 1980 both days inclusive.

By Order of the Board
H. J. McTurk, Secretary

48 Palmerston Place
Edinburgh EH12 5BR

31st October, 1980

LONDON STOCK EXCHANGE

Oil shares feature an otherwise uninspiring day in equity markets—Big Midland Bank placing

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 27	Nov. 6	Nov. 7	Nov. 17

* "New time" dealings may take place from 9 am two business days earlier.

Apart from renewed strength in Oils, London stock markets put on a rather uninspiring performance yesterday. The underlying trend stayed steady to firm despite deferred hopes of early moves to reduce interest rates—Minimum Lending Rate was unchanged yesterday as expected—and continuing gloom about the effects of the recession and the strength of the pound.

Forecasts by oil industry analysts that crude prices could rise by 20 per cent by the end of the year were behind yesterday's fresh advance in Oils. Further good gains were reflected in the FT-Actuaries sector index which became the first of the series to break 1,000 from the starting base of 100 in 1962; the Oil share index closed 1.6 per cent up at an all-time peak of 1,015.93.

With fresh investment incentive lacking leading industrials rarely strayed far from overnight closing levels. The FT 30-share index which edged up 0.5 at the 11.00 am calculation and more or less held the improvement before easing late to close with a net loss of 0.4 at 492.8. Helped by the strength in Oils, however, the Actuaries 500 and All-share indices both reached new highs since compilation.

Banks lower

British Funds fared little better than the equity leaders in the way of activity. Mediums and longs fluctuated narrowly in the course of routine business before settling ½ to ¼ lower on balance with underlying sentiment not being helped by BL workers' rejecting the company's "final" 6.8 per cent pay offer. Short-dated stocks also moved narrowly and closed with a slightly easier bias. Dealings start today in the Treasury 3 per cent 1985 "A" stock.

Bid speculation promoted several noteworthy gains among secondary equities while company trading statements generated occasional interest. Of the sectors, Banks turned easier after the recent good showing following news of Midland Bank's large placing of Convertible Loan stock.

Renewed speculation that Lonrho was about to bid for House of Fraser promoted a good Traded options business in the former which contributed 303 deals to a total of 1,170. Cons. Gold Fields were also in demand with 296 trades. 111 of which were transacted in the January 700 series.

The placing of £4m Midland Bank 7½ per cent convertible loan 1983-93 at a price of around £76 prompted dullness in the major clearing banks which have been performing particularly well of late on the prospect of a continuing period of high interest rates. Prices drifted lower as buyers withdrew and occasional profit-taking took its toll. Midland closed 8 off at 352p and the Loan in question finished a fraction easier at £76¼. Lloyds gave up 8 to 348p and NatWest, 422p, and Barclays, 475p, relinquished 8 and 5 respectively. Elsewhere, German issues came on offer with Algemene closing 4 points lower at £58. Commerzbank 10¼ easier at 605p and Deutsche 1¼ points off at £59½. Hambros continued to stand out in merchant banks, rising a further 27 for a gain on the week so far of 73 at 705p, on persistent investment support. Arbuthnot Latham rose 4 to 222p. Compagnie Bancaire closed unaltered at £30¼: the price in yesterday's issue was incorrect.

The previous day's quietly dull trend was repeated in Insurances. Sun Alliance, 14 down at 800p, led the retreat in composites, while London United Investments, 200p, and Royals, 450p, declined 5 apiece.

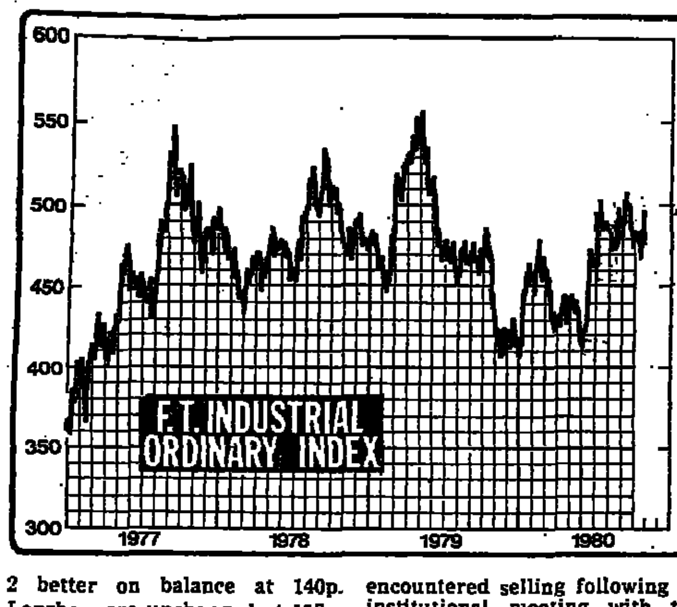
Wines and Spirits trended easier. Distillers encountered sizeable selling and eased a couple of pence to 200p, while Arthur Bell, 176p, lost half of the previous day's gain of 8 which stemmed from the annual results. In Breweries, Border disappointed with a gloomy outlook accompanying the lower interim earnings and shed 2 to 96p.

Certain Building issues gave ground on the Federation of Civil Engineering Contractors' warning of a bleak outlook for the industry. Barratt Developments and SGB shedding 7 apiece to 164p and 158p respectively. Lack of support and occasional selling made for dull conditions in the Timber sector with Montague L. Meyer, 90p, and Magnet and Southerns, 118p, both losing a couple of pence. Second thoughts about the interim results left Mallinson-Denny 1½ cheaper at 67½p. Elsewhere, Cement Roadstone shed a penny to 81p on Irish currency influences, but Manders attracted speculative support and put on 6 to 188p.

ICI traded quietly around the overnight level of 338p before drifting off to close 4 cheaper on balance at 334p. Fisons improved 3 to 210p after the official close, while Rentokil, in a thin market, put on 5 to 173p. Allied Colloids lacked support and shed 4 to a 1980 low of 100p, but Anchor Chemical improved 2 to 63p.

Owen Owen wanted

Early business among Stores was dominated by House of Fraser which touched 146p on renewed speculation of a bid from Lonrho; following a denial from the latter, however, Fraser fell back steadily and ended just 2 better on balance at 140p. Lonrho were unchanged at 115p, after 113p. Other leaders attracted useful support at the outset but follow-through interest was lacking and gains were restricted to a couple of pence. GUS "A" added 2 at 488p, but Mothercare shed that much to 350p. UDS, 73p, reverted to unchanged on news that two of its menswear chains, John Collier and Alexandre, are to merge with the loss of 110 jobs. Kean and Scott continued to make spectacular progress following Wednesday's proposed rights issue and jumped 25 for a two-day gain of 60 at 175p. Other speculative counters to attract support included Cornell Dresses, 4 up at 92p, and Owen Owen, which spurted 6 to 122p. Polly Peck, on the other hand, met profit-taking and eased 5 at 168p. MFI, also a firm market of late, shed 3 at 66p, but Amber Day continued to benefit from favourable mention and gained the turn to 27½p. J. Hepworth firmed 5 to a 1980 high of 100p on reflection of the property revaluation which accompanied the slightly better-than-expected full-year profits. Bambers added 2 to 59p, the lower first-half profits being outweighed by the confident remarks on the outlook.



Standard Telephones and Cables became a firm counter in Electricals, rising 15 to 483p on news of the £100m undersea telecommunications cable orders. Thorn EMI moved up 3 to 358p, after 360p, following details of its joint video disc production venture. GEC added a similar amount to 570p and Plessey hardened a penny to 269p. Having reported disappointing first-half figures last week, Berec encountered selling following an institutional meeting with the company; the shares touched 80p before closing a net 4 easier at 86p. Comment on the interim results prompted a further fall of 5 to 36p in Fidelity Radio, while profit-taking clipped 35 from Wholesale Fittings at 238p. Highland declined 4 to 34p as did MK to 228p, while Webber dipped 5 to 127p. Sony, on the other hand, improved 35 to 615p, Ferranti put on 8 to 453p and Security Centres appreciated 5 to 76p.

Weeks Associates cheapened 2 to 8p on the interim dividend omission and first-half deficit. Elsewhere in mixed engineerings, Hopkinsons eased the turn to 55p following the uninspiring half-year results and Richardsons Westgarth gave up 2 more for a two-day reaction of 6 to 36p on further consideration of the disappointing mid-term performance. Aurora came on offer at 23p, down 3. Dealings in Stratrite were suspended at 42p at the company's request pending a further announcement.

Foods encountered a good two-way business. Associated Dairies shed 4 for a two-day fall of 10 to 232p on the chairman's profits warning, while J. Sainsbury, a good market of late in front of the interim results due to be announced November 5, eased 5 to 585p. Lennons added 3 to a 1980 peak of 44p following favourable Press comment. Elsewhere, Chambers and Fargus touched 47p before reverting to 45p; Mr. Harvey Michael Ross has increased his stake in the company to 12.9 per cent. Bernard Matthews attracted fresh support and, in a thin market, put on 10 more to 268p.

In Hotels and Caterers, Grand Metropolitan shed a penny to 165p; Mr. Maxwell Joseph has sold approximately 10 per cent of his holding in the company at that price. Ladbroke met late selling and shed 6 to 233p, while Prince of Wales, at 72p, gave up 3 of the recent speculative gain of 8.

Bowater easier

A good market of late, Bowater reacted 6 to 178p among narrowly mixed miscellaneous industrial leaders. Elsewhere, Jardine Matheson recovered 27 to 255p on news of the £78m deal with Hong Kong Land. Hopes of an increased bid from Transport Development helped Glitspur harden 2 to 117p, after 119p. William Press put on 1¼ to 30¼p on the better-than-expected interim profits, while improvements of around 5 were seen in Anglo American Asphalt, 32p, William Baird, 186p, Ricardo, 505p and Rolfe and Nolan, 74p.

Renewed support was evident for selected Leisure issues. Saga rising 9 to 212p and Horizon Travel adding 5 to 385p. On the other hand, Boosey and Hawkes shed 2 to 120p on poor interim results.

Properties made modest progress in places, the unchanged Minimum Lending Rate decision being as expected. Lan dSecurities hardened 2 to 394p and MEPC a penny to 240p. while Stock Conversion firmed 3 to 325p and Great Portland Estates 2 to 238p. Interest was shown in Daejan which added 2 to 162p, but Rush and Tompkins shed that much, to 228p, o nthe chairman's bid denial.

The prospect of increased oil prices at the December OPEC meeting encouraged fresh demand for Oils. Brish Petroleum rising 6 to 484p and Shell 8 to 474p. Lasmo and IC Gas were prominent in secondary issues and both closed 17 higher at 883p and 350p respectively.

Trusts were mixed. Selected Capital issues remained firm, Derby Capital rising 13½ to 322p and Dualvest Capital 5 to 425p. Among Financials, investment support lifted Hambro Trust 7 to 139p, while Authority Investments rose a similar amount to 50p.

Golds buoyant

Buying in an exceptionally narrow market ahead of Monday's half-timer lifted Graig 2 points of £25.

Coats Patons, down to 53½p immediately in front of the announcement, rallied to close a net 1½ to the good at 56½p following relief that the interim dividend was maintained. A sympathetic response left Courtaulds 3 up at 86p; the interim results are expected at the end of next month.

South African Golds remained buoyant. A steady performance by the bullion price, good overnight American demand and a shortage of stock pushed share prices ahead for the fourth consecutive day.

The Gold Mines index advanced 13.3 more to 516.8—a rise of 59.0 on the week so far.

Heavyweights were featured by Western Deep which jumped £2¼ to £32¾. Randfontein, which put on £1½ to £45½ and Hartebeest which rose £1½ more to £45. President Brand gained almost a point to £29⅞ and Doornfontein added 1/2 to £12½.

Among the medium and cheaper-priced issues, Kinross were 32 to the good at 758p and ERGO 21 up at 676p.

The strength of Golds encouraged support for South African Financials where "Amcoal" gained 1 more to a year's high of £15, GFSA ¾ to 54½ and "Johnnies" ½ to £37½, the last-named ahead of the chairman's statement.

Australians moved ahead on a broad front following a strong performance by overnight Sydney and Melbourne markets.

Leading issues were particularly in demand with MIM Holdings 12 better at 273p reflecting its increased holding in the Oaky Creek coal project in Queensland.

In Golds, Kitchener Mining opened at 393p but met profit-takings and closed a net 15 down at 375p following the drilling results from the Bamboo Creek gold prospect in which it is in partnership with CRA.

Other Golds made good progress with Poseidon 11 firmer at 351p.

The Rundle twins extended their recent gains with Central Pacific another 15 to the good at a year's peak of 500p and 194p.

Southern Pacific 12 ahead at Speculative interest lifted Jones Mining 5 for a rise of 22 to 70p over the past four days.

Tins gained ground following good gains in far eastern markets.

FINANCIAL TIMES STOCK INDICES

	Oct. 30	Oct. 29	Oct. 28	Oct. 27	Oct. 24	Oct. 23	A year ago
Government Secs	71.30	71.42	71.53	71.71	71.55	71.26	69.31
Fixed Interest	72.29	72.30	72.33	72.30	72.48	72.49	70.31
Industrial Ord.	492.8	493.2	495.5	496.1	495.5	492.5	446.7
Gold Mines	516.8	503.5	496.5	488.3	457.8	471.2	202.2
Ord. Div. Yield	7.38	7.38	7.36	7.36	7.37	7.41	7.66
Earnings, Yld. % (full)	16.69	16.68	16.63	16.64	16.66	16.75	18.47
P/E Ratio (net) (*)	7.31	7.31	7.34	7.33	7.32	7.28	6.67
Total Bargains	20,779	22,451	21,780	22,537	23,733	22,234	16,538
Equity turnover £m.	—	140.89	140.49	131.65	166.92	192.51	86.68
Equity bargains total	—	19,204	18,200	17,631	19,844	20,273	11,759

10 am 493.2. 11 am 493.7. Noon 493.5. 1 pm 493.5. 2 pm 493.5. 3 pm 493.7.
Latest Index 01-246 8026.
*Nil = 6.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (18/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12/8)	406.9 (4/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	558.9 (22/9)	265.5 (10/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 30	Oct. 29
—Daily		
Gilt Edged	108.5	112.8
Industrials	95.5	91.1
Speculative	47.0	43.1
Totals	71.2	73.0
5-day Avrge.		
Gilt Edged	109.0	109.8
Industrials	100.0	102.8
Speculative	46.5	44.4
Totals	74.8	76.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (102)

BANKS (4)
BUILDINGS (2)
DRAPERY & STORES (4)
ELECTRICALS (8)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (8)
INSURANCE (1)
LEISURE (1)
MOTORS (1)
PAPER (1)
PROPERTY (2)
SOUTH AFRICANS (3)
TEXTILES (1)
TRUSTS (41)
OIL & GAS (16)
OVERSEAS TRADERS (3)
MINES (4)

NEW LOWS (25)

AMERICANS (1)
Norton Simon Inc.
CANADIANS (1)
Inco
BEERS (1)
Macallan-Glenlivet
CHEMICALS (2)
Allied Colloids Fisons AG
ELECTRICALS (3)
Eurotherm Intl. Mainline Elect.
Highland Electronic Pye Profi.
ENGINEERING (5)
Acrow Sabre (Hldgs.)
Aurora Hldgs. Weeks Assoc.
Cliffords (Chas.)
INDUSTRIALS (9)
Beacon Clark Ellerick-Hooper
Bodycote Intl. Magnolia
Crosby Woodfield Metal Closures
Dunhill (A.) Watson (R. Kelvin)
Duraplex
MOTORS (2)
Plaxton Bros. Tozer Kemsley
OVERSEAS TRADERS (1)
Tozer Kemsley

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	8	58	29
Corpns. Dom. and Foreign Bonds	3	11	51
Industrials	178	223	890
Financial and Prop.	92	122	290
Oils	37	12	11
Plantations	2	4	18
Mines	81	17	52
Others	51	30	38
Totals	452	477	1,536

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Clyde Pet.	£1	17	865	+15	865	230
Edinburgh Secs.	25p	12	318	+4	318	100
New Court Nat.	5p	10	93	−1	94	32
Cambridge Pet.	20p	9	360	+10	380	165
BP	25p	7	484	+6	484	320
Burmah Oil	£1	7	208	+7	249	162
LASMO	25p	7	883	+17	885	337
Premier Cons.	5p	7	114	−2	116	36
Rank Org.	25p	7	184	−2	228	146
Shell Transport	25p	7	474	+8	474	314
Assoc. Dairies	25p	6	232	−4	244	160
Barclays Bank	£1	6	475	−5	482	327
De Beers Defd.	R0.05	6	514	+6	553	368
Royal Dutch	Fl20	6	£41¼	+⅛	£42½	£32
Tesco Stores	5p	6	53	+½	75	52

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

Call options were completed in Premier Oil, Hampton Trust, Lonrho, Charterhouse Petroleum, Dunlop, John Brown, Myson, Town and City Properties, FNFC, Double Eagle, Charterhall, Lasmo, May and Hassell, Amalgamated Estates, Allied Colloids, Australian Consolidated Minerals, Chloride, Woodside, Tesco, Raglan Properties, Silvermines and Cultus Pacific. A put was transacted in Tesco, while doubles were arranged in BSG, Town and City Properties, Charterhall, Lonrho, Christopher Moran, BP and Cons. Gold Fields.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
80	F.P.	—	80	70	††H'sk'th M'rcyc's50p	72	......	—	—	—	—
§15	F.P.	—	32	26	††Intervision Pfd. 10p	30	......	—	—	—	—
67	F.P.	—	145	92	††ORE	128	+5	—	—	—	—
§150	F.P.	—	200	180	††Trust Securities 40p	193	−5	‡7.88	2.9	5.8	--

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
§100p.	F.P.	—	118p	96p	††Intervision 7 Cnv. Pref.	114p	+8
¶	£10	8/1	106½	105½	Lee Valley Water 9½% Red. Pref. 1987	106½	......
‖	F.P.	31/10	117	106	Queens Moat 10½% Cons Uns Ln '89-91	110½	......
‖	F.P.	10/11	115	103½	R.T.Z. 9½% Conv. Uns. Ln. '95-2000	111½p	+1
☆	F.P.	—	98	95	S. Rhodesia 6% '78-81 Asstd.	98	+¼
☆	F.P.	—	70	61	Do. 4½% '77-82 Asstd.	70	+2
☆	F.P.	—	42	31	Do. 3½% '80-85 Asstd.	38	......
☆	F.P.	—	26	20½	Do. 4½% '87-92 Asstd.	26	+2
‖	Nil	—	9pm	3½pm	TownCentreSecs.9%Cnv.Uns.Ln.'96,2008	9pm	......
‖	F.P.	17/10	37¾	35¼	Western Deep 12% Uns. Deb. '86-93	37¾	......
—	—	—	11⅞	10	Do. Options	11⅞	......
☆	F.P.	—	312	275	Zimbabwe settlemen annuity Reg	300	+5

"RIGHTS" OFFERS

Issue price p‡	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
54	F.P.	31/10	5/12	75	69	Argyll Foods	75	......
300	F.P.	20/10	5/12	385	342	BTR	380	−2
115	Nil	3/11	15/12	20pm	17pm	Brixton Estate	19½pm	−½
27	Nil	6/11	4/12	11pm	6pm	Bulgin (A.F.) A	11pm	+½
650	F.P.	20/10	10/11	800	745	Burnett & Hallamshire	745	−5
A$350	Nil	—	—	160pm	130pm	CRA	148pm	......
157	F.P.	31/10	21/11	204	174½	Cape Industries	204	......
500	Nil	31/10	26/11	£3½pm	£2½pm	Commercial Bk. of Nr. East	£3½pm	......
R30	Nil	—	31/10	492	489	East Rand Prop.	492	......
A$	Nil	—	—	5pm	6pm	ElderSmith GoldbroughM'rt	5pm	......
80	F.P.	31/10	26/11	123	113	Huntleigh	119	......
15	F.P.	—	—	32	27	††Intervision	30	......
100	F.P.	—	—	115	101	Do 7% Cnv Pref	111	+1
73	Nil	—	—	13pm	12pm	Lilley (F.J.C.)	13pm	......
240	F.P.	6/10	14/11	365	318	M. L. Hldgs.	318	......
280	F.P.	17/10	7/11	365	302	Mills & Allen	365	+5
25	Nil	12/11	26/11	96pm	87pm	Mucklow (A.J.)	87pm	−5
$A1.05	Nil	—	—	50pm	43pm	North Kalgurli Mines	50pm	+4
260	F.P.	—	—	450	317	††Pict Petroleum	430	+5
80	Nil	3/11	24/11	5pm	5pm	Pyke (Hldgs.)	3pm	......
370	F.P.	17/10	14/11	500	428	Ricardo	500	+5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p*‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. † Dealings under special rule. ‡‡ London Listing. ☆ Resulting from debt settlement scheme.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Oct. 30, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Oct. 29 Index No.	Tues. Oct. 28 Index No.	Mon. Oct. 27 Index No.	Fri. Oct. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	294.04	+0.2	15.02	5.64	8.09	293.56	294.44	293.71	293.94	218.14
2	Building Materials (28)	249.54	−0.2	19.06	6.87	6.23	250.10	250.33	249.72	251.60	215.90
3	Contracting, Construction (27)	428.61	−0.2	21.22	5.84	5.56	429.31	428.08	425.54	425.61	349.63
4	Electricals (17)	952.85	+0.7	10.27	2.83	11.96	946.68	949.62	947.80	947.72	546.04
5	Engineering Contractors (11)	363.76	+0.2	17.02	7.10	7.49	363.16	363.23	362.62	358.45	298.78
6	Mechanical Engineering (72)	181.14	−0.2	15.98	7.37	7.63	181.47	182.08	182.11	181.78	146.91
8	Metals and Metal Forming (16)	152.34	—	19.16	10.74	6.51	152.41	153.51	152.97	153.53	150.07
11	CONSUMER GOODS (DURABLE) (48)	249.85	+0.2	12.86	5.03	9.31	248.62	248.52	248.42	246.59	211.22
12	Lt. Electronics, Radio, TV (14)	393.70	+0.3	9.66	3.51	12.59	392.55	390.42	389.41	385.58	297.59
13	Household Goods (13)	88.89	+0.3	25.45	10.61	4.97	88.59	88.53	88.83	88.65	129.97
14	Motors and Distributors (21)	93.12	−0.3	23.19	10.85	4.97	93.45	95.29	95.99	96.10	102.80
21	CONSUMER GOODS (NON DURABLES) (171)	246.41	−0.2	16.54	6.56	7.30	246.80	247.74	246.35	244.48	219.60
22	Breweries (14)	280.99	−0.3	16.12	6.55	7.24	281.73	282.36	282.61	279.52	265.18
23	Wines and Spirits (5)	291.87	−0.9	21.00	7.04	5.59	294.64	295.80	298.36	297.58	316.75
24	Entertainment, Catering (17)	361.82	−0.6	16.08	6.19	7.67	363.88	364.78	362.41	357.64	304.89
25	Food Manufacturing (22)	215.01	−0.1	18.50	7.10	6.38	215.23	216.45	217.42	216.69	199.31
26	Food Retailing (13)	411.67	−0.6	11.55	3.76	10.26	414.27	416.61	406.91	399.39	289.62
32	Newspapers, Publishing (12)	444.61	—	22.24	6.54	5.88	444.78	445.67	445.49	442.39	398.12
33	Packaging and Paper (15)	124.08	−1.3	26.02	10.43	4.45	125.76	125.72	126.78	125.89	120.54
34	Stores (44)	256.78	−0.2	11.79	4.91	11.07	257.18	257.59	253.83	252.55	212.98
35	Textiles (21)	131.86	+1.4	23.76	11.62	5.13	129.99	130.59	130.51	128.55	142.80
36	Tobaccos (3)	221.51	+1.1	25.91	10.51	4.39	219.08	222.00	222.00	220.71	229.27
37	Toys and Games (5)	25.84	—	8.70	11.19	26.57	25.84	25.26	25.26	24.82	58.67
41	OTHER GROUPS (98)	223.76	−0.1	15.58	6.99	7.69	224.08	225.38	225.29	222.86	190.33
42	Chemicals (15)	383.49	−0.6	17.47	8.01	6.69	385.22	388.06	387.76	383.70	270.22
43	Pharmaceutical Products (7)	229.92	+0.6	10.92	6.09	11.33	228.49	229.67	230.31	228.87	206.03
44	Office Equipment (6)	108.75	−0.8	18.90	7.65	6.19	109.59	110.00	110.23	107.26	107.79
45	Shipping (10)	579.51	+0.2	12.68	6.29	9.63	578.15	580.82	580.77	579.17	444.58
46	Miscellaneous (60)	285.37	−0.1	16.19	6.51	7.54	285.63	286.69	286.04	283.28	224.85
49	INDUSTRIAL GROUP (488)	260.87	—	15.64	6.29	7.72	260.97	261.95	261.10	259.55	218.32
51	Oils (12)	1015.93	+1.6	23.66	5.18	4.71	999.99	994.65	974.13	972.38	735.22
59	500 SHARE INDEX	320.50	+0.4	17.62	6.01	6.66	319.35	319.83	317.45	315.88	259.17
61	FINANCIAL GROUP (118)	259.10	−0.5	—	5.07	—	260.32	260.37	258.16	255.09	178.02
62	Banks (6)	268.09	−1.3	30.11	6.28	3.14	271.75	267.32	263.23	258.94	207.25
63	Discount Houses (10)	301.26	+0.1	—	5.71	—	300.92	300.42	299.05	300.13	235.09
64	Hire Purchase (5)	240.25	−0.4	10.33	4.20	13.07	241.20	242.35	242.08	237.84	172.62
65	Insurance (Life) (10)	268.19	−0.6	—	4.92	—	269.76	272.22	270.98	268.66	144.16
66	Insurance (Composite) (9)	174.84	−1.0	—	6.49	—	176.53	177.96	176.18	173.32	115.69
67	Insurance Brokers (9)	343.35	+0.1	13.42	6.73	10.21	343.15	344.98	340.18	337.80	262.24
68	Merchant Banks (13)	163.47	+1.1	—	4.65	—	161.69	161.27	158.73	156.95	91.88
69	Property (45)	472.25	+0.3	3.85	2.59	45.59	471.01	473.46	471.64	468.96	332.41
70	Miscellaneous (11)	167.38	—	15.49	5.75	8.16	167.42	166.83	167.31	164.50	116.31
71	Investment Trusts (109)	297.09	−0.5	—	4.96	—	298.64	296.23	294.04	289.83	194.97
81	Mining Finance (3)	277.15	+0.6	12.82	4.73	9.29	275.46	271.55	273.68	270.48	137.73
91	Overseas Traders (20)	455.93	−0.2	10.99	6.55	10.99	457.05	458.57	460.64	457.32	323.11
99	ALL-SHARE INDEX (750)	309.68	+0.1	—	5.75	—	309.24	309.33	307.18	305.01	236.57

FIXED INTEREST PRICE INDICES

	British Government	Thur. Oct. 30	Day's change %	Wed. Oct. 29	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.67	+0.02	106.65	—	8.78
2	5-15 years	113.67	−0.12	113.80	—	10.68
3	Over 15 years	119.60	−0.18	119.81	—	11.97
4	Irredeemables	131.75	−0.02	131.78	—	13.32
5	All stocks	113.05	−0.10	113.16	—	10.59

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur. Oct. 30	Wed. Oct. 29	Year ago (approx.)
1	Low Coupons	5 years	11.51	11.48	11.23
2		15 years	11.48	11.45	11.54
3		25 years	11.48	11.45	11.36
4	Medium Coupons	5 years	13.10	13.08	13.03
5		15 years	13.09	13.05	13.03
6		25 years	12.82	12.79	13.03
7	High Coupons	5 years	13.18	13.23	13.42
8		15 years	13.33	13.29	13.49
9		25 years	13.00	12.99	13.28
10	Irredeemables		11.01	11.00	11.66

		Thurs., Oct. 30 Index No.	Thurs., Oct. 30 Yield %	Wed. Oct. 29	Tues. Oct. 28	Mon. Oct. 27	Friday Oct. 24	Thurs. Oct. 23	Wed. Oct. 22	Tues. Oct. 21	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	54.58	†13.58	54.60	54.57	54.55	54.46	54.44	54.43	54.44	55.36
16	Investment Trust Prefs. (15)	50.86	13.32	50.85	50.85	50.85	50.99	51.02	51.02	51.05	46.41
17	Coml. and Indl. Prefs. (20)	67.65	13.25	68.00	68.00	68.00	68.00	68.01	68.15	68.09	63.90

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Gartmore Invest. Ltd. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd.
Gartmore Fund Managers (Far East) Ltd.
1503 Hutchison Hse, 10 Harcourt Rd, H. Kong
Gartmore Fund Managers (I.O.M.) Ltd.
P.O. Box 32, Douglas, I.O.M.

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey.

Henderson Baring Group
801, Gloucester Tower, Hong Kong

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey.

N.V. Interbeheer
P.O. Box 526, Delft, Holland

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, Sydney, Aust.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey.

Kemp-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey

Keyser Ullman Ltd.
25, Milk Street, EC2V 8JE.

King & Shaxson Mgrs.
1, Charing Cross, St. Helier, Jersey.

Kleinwort Benson Group
20, Fenchurch St., EC3.

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey.

Samuel Montagu Ldn. Agents
114, Old Broad St., E.C.2.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
23-25 Broad St., St. Helier, Jersey.

Negit S.A.
10a Boulevard Royal, Luxembourg

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.

Pacific Basin Fund
10a Boulevard Royal, Luxembourg

Phoenix International
PO Box 77, St. Peter Port, Guernsey.

Providence Capitol Life Ass. (C.I.)
P.O. Box 121, St. Peter Port, Guernsey.

Quest Fund Mngmt. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey.

RBC Investment Managers Limited
PO Box 48, St. Peter Port, Guernsey.

Ramiro Managers Ltd.
P.O. Box 1549, Hamilton, Bermuda.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda.

Save & Prosper International
Dealing to: 37 Broad St., St. Helier, Jersey

Schroder Life Group
Enterprise House, Portsmouth.

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2.

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4.

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey.

Surinvest (Jersey) Ltd. (x)
Queens Hse, Don Rd, St. Helier, Jersey.

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man.

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (C.I.)

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (C.I.)

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda.

Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.

Utd. Intl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

van Cutsem & Associates Ltd.
42 Essex Street, London, WC2.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2.

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. C.I.

Wardley Investment Services Ltd.
6th Floor, Hutchison House, Hong Kong

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Wren Commodity Trust
10, St. George's St., Douglas, Isle of Man

NOTES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.7	56.7	+0.3	2.56
Abbey Capital	45.6	49.3	.....	4.96
Abbey General	56.6	61.2	+0.1	5.13
Abbey Gilt & F.I. Tst.	115.1	121.2	.....	11.29
Abbey Income	34.0	36.8xd	+0.1	9.40
Abbey W'Wide Bd Tst.	88.1	93.2	.....	7.19
Abbey Inv.Tst.Fd.	50.2	54.3	+0.1	4.68
Equitas Prog. Tst.	87.0	94.0	+0.2	4.59

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	93.5	98.4	-0.3	12.34

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	90.1	96.4	.....	5.99
Brit. Inds. Fund	80.2	85.8	+0.1	6.22
Growth & Income	51.2	54.8	+0.2	5.07
Elect. & Ind. Dev.	44.7	47.8xd	+0.1	5.23
Allied Capital	96.5	103.3xd	+0.4	4.02
Hambro Fund	137.7	147.3	+0.1	5.87
Hambro Acc. Fund	184.4	197.3xd	+0.9	4.61
Income Funds				
High Yield Fd.	65.0	69.6	-0.1	9.63
High Income	78.2	83.7	-0.1	7.59
A. H. Eq. Inc.	46.2	49.4	.....	7.41
Govt. Secs.	26.8	27.5	.....	11.31
International Funds				
International	33.5	35.8	+0.2	2.77
Pacific Fund	58.5	62.6	+0.5	1.95
Secs. Of America	64.5	69.0	+0.1	2.32

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.5	39.8xd	-0.3	11.34
North American	56.5	60.1xd	-0.2	2.86
Canadian Exempt*	62.3	65.9	.....	3.57
Canadian Trust	62.7	67.7	-0.2	2.65
Mid Mount High Inc.*	49.6	52.4	.....	9.20
Recovery	57.4	62.7xd	.....	6.88
Gilt Trust	45.2	47.3	.....	12.26

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	36.1	39.0	+0.1	0.95
Cres. Internat'l.	70.1	75.7	+0.4	2.32
Cres. High. Dist.	43.1	57.2	+0.1	5.24
Cres. Reserves	52.9	57.1	.....	5.25
Cres. Tokyo	24.6	26.5	+0.3	0.70

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.2xd	.....	13.20

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 24	228.4	243.6	.....	5.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	SF5.34	5.45	+0.06	8.70
Gt. Winchester O'seas	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	91.7	98.8	+6.7	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.2	93.8	+0.1	4.67

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American	30.3	32.8	.....	0.98
Gilt + Fixed Int.	25.6	27.0xd	.....	12.09

INSURANCE PROPERTY BONDS

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Sel. Mkt. Fd. Std.	143.9	151.8	.....	—
Pension Equity	178.1	183.9	.....	—
Pension Fxd. Int.	150.1	154.7	.....	—
Deposit Fd. Acc.	57.5	60.6	.....	—
Ind Pens.Dep.Fd.Acc.	47.6	50.2	.....	—
Equity Fd. Acc.	63.3	67.7	.....	—
Ind.Pens.Eq.Fd.Acc.	51.1	53.9	.....	—
Fxd. Int. Acc.	56.9	60.0	.....	—
Ind.Pens.Fxd.Int.Acc.	47.8	50.4	.....	—
Intnl. Acc.	46.7	49.2	.....	—
Ind.Pens.Intnl.Acc.	48.4	51.0	.....	—
Managed Fd. Acc.	59.3	62.5	.....	—
Ind.Pens.Man.Fd.Acc.	49.1	51.8	.....	—
Property Fd. Acc.	76.8	81.0	.....	—
Ind.Pens.Prop.Fd.Acc.	48.1	50.7	.....	—

Provincial Life Assurance Co. Ltd.
222 Bishopsgate, EC2. 01-247 6533

Prov. Managed Fd.	152.2	160.3	+0.4	—
Prov. Cash Fd.	125.8	132.5	.....	—
Gilt Fund	140.6	148.0	-0.6	—
Property Fund	130.3	137.2	.....	—
Equity Fund	141.6	149.1	+0.7	—
Fxd. Int. Fund	116.8	122.7	-0.3	—

Prudential Pensions Limited♦
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Oct. 15	36.32	37.44	.....	—
Fixed Int. Oct. 15	24.50	24.82	.....	—
Prop. Fd. Oct. 15	41.16	42.43	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.		296.3	.....	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	159.0	169.1	.....	—

Next sub. period Dec. 31/Jan. 15.

Royal Insurance Group
New Hall Place, Liverpool. 051-227 4422

Royal Shield Fd.	198.1	209.6	.....	—

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		121.3	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	94.3	99.1	.....	—
Accum. Pen. Units	140.2	147.5	.....	—
Flex. Inv. Growth	125.9	132.5	.....	—
Future Assd Growth	30.0(a)	60.0(b)	.....	—
Ret. Ass'd Pen.		£30.60	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany S Fd. (CI)	US$176.87	172.38xd	.....	1.29

Next dealing Oct. 31.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$14.12	.....	—

Net asset value Oct. 20.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.09	10.10xd	.....	12.77
AHR Gilt Edg.Fd.	£12.39	12.45	-0.04	12.85

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 434 0377
Daily Dist.: Oct. 29, 0.000325 (12.5% p.a.)

Continued on previous page

FT SHARE INFORMATION SERVICE

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¾	Aust. 5½pc '81-82	90½	......	6.10	13.17
85¾	72½	Do. 6pc 1981-83	85¾	......	7.24	12.91
67¾	58	N.Z. 7¼pc 1988-92	67½	......	11.11	13.13
82¾	72	Do. 7½pc '83-86	82¼	......	9.44	12.70
96¾	88	Sth. Africa 9½pc '79-81	94½xd	......	10.02	15.13
160	95	S. Rhod. 2½pc Non-Ass.	105	......	—	26.66
169	133	Do. 6pc '78-81 N.-As.	151	–1	—	24.18

LOANS

Public Board and Ind.

Financial

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CANADIANS

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Hire Purchase, etc.

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Far West Rand

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O.F.S.

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Copper

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REGIONAL MARKETS

[illegible]

Craig Ship. £1	£25	+2			
Higsons Brew.	67	......	Clondalkin	105	+5
Holt (Jos) 25p	283	......	Concrete Prods.	85	......
I.O.M. Stm. £1	160	−2	Heiton (Hldgs.)	33	......
Pearce (C. H.)	599	+10	Ins. Corp.	330	......
Peel Mills	49	......	Irish Ropes	37	......
Sheff. Refrshmt	95	......	Jacob	32½xd	......
Sindell (Wm.)	141	......	T.M.G.	58	−4
			Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	25	Utd. Drapery	6½
BOC Intl.	8	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	16	Woolworths	5½
Babcock	8	Inveresk	3	**Property**	
Barclays Bank	48	Ladbroke	24	Brit. Land	8
Beecham	12	Legal & Gen.	23	Cap. Counties	11
Blue Circle	30	Lex Service	10	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	17	"Lofs"	4	Peachey	17
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	8	Lucas Inds.	17	Town & City	2¾
Burton 'A'	10	"Mams"	18	**Oils**	
Cadburys	6	Mrks. & Spncr	9	Brit. Petroleum	50
Courtaulds	8	Midland Bank	32	Burmah Oil	20
Debenhams	8	N.E.I.	7	Charterhall	13
Distillers	17	Nat. West. Bank	32	KCA	25
Dunlop	9	P & O Dfd.	12	Premier	13
Eagle Star	24	Plessey	22	Shell	40
F.N.F.C.	5	Racal Elect.	38	Tricentrol	40
Gen. Accident	32	R.H.M.	4	Ultramar	50
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Read Intnl.	18	Charter Cons.	30
Grand Met.	14	Sears	5	Cons. Gold	65
G.U.S. 'A'	42	Tesco	6	Lonrho	11
Guardian	32	Thorn	28	Rio T. Zinc	45
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FINANCIAL TIMES

Friday October 31 1980

Treasury favours adherence to 14-month aim in spite of M3 growth

Re-based monetary target unlikely

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT looks likely to retain its present monetary target until next year rather than seek a partial relaxation of the current squeeze by re-basing the target at the current high level.

The retention of the current target is favoured by Treasury Ministers and officials most directly concerned with monetary policy, though a final decision has not yet been taken. An announcement will probably not be made until the expected general economic statement towards the end of next month.

The issue is being watched closely by City financial markets, and the likely decision will be presented as a re-affirmation of the Government's commitment to the targets in its medium-term financial strategy.

The decision about the regular half-yearly review of the target is particularly difficult in view of the recent rapid monetary growth and the distortions caused by the ending of the corset controls on the banks' operations.

The current target is for a 7 per cent to 11 per cent annual rate of increase in sterling M3, the broadly defined money supply, for the 14 months from last February to next April. But in the seven months to September the increase was 23½ per cent at an annual rate. Even if some adjustment is made for corset distortions arising before February, the underlying growth rate is still estimated by the Treasury at 19 per cent a year.

If the Government followed previous practice and re-based its target at the current level, it would be building the recent excess growth into a higher starting base. This acceptance of past excess, known as base drift, would amount to a relaxation of policy.

Treasury Ministers believe this would produce charges of fudging and would question the credibility of the strategy. Consequently, they prefer to retain the present February base and try to reduce the underlying rate of monetary growth nearer to the target range by next April.

Sir Geoffrey Howe, the Chancellor, said on Monday that he hoped the monetary growth rate would be more modest in the latter part of 1980-81 because of a moderation in both public and private sector borrowing. This belief is shared by the Bank of England.

Even on the most optimistic assumptions the underlying rate of monetary growth still looks likely to be above the upper end of the range by next April. But the hope is that any excess will be much smaller than now and that it will then be possible to move to a 6 to 10 per cent target annual increase for 1981-1982, as is implied in the medium-term strategy.

The main alternative to retaining the present 14-month target to next April is to extend the target to a 20-month period to October, 1981, though this is at present regarded by officials as too cumbersome.

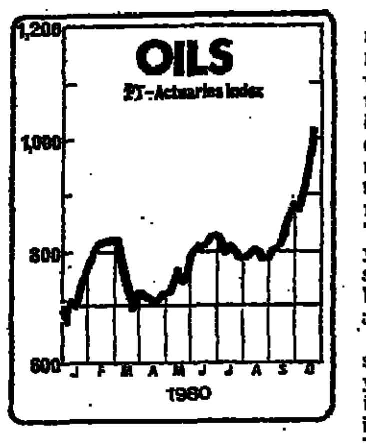
Sir Geoffrey indicated on Monday that the final decision on the nature or timing of the roll-forward of the target will not be taken until "a little more information" is available about the development of monetary conditions since July.

In particular, officials are already starting to scrutinise the October monetary figures, due to be published next Tuesday. City analysts have in the past week become more pessimistic about the figures, in view of the distortions on the statistical reporting day. The increase in sterling M3 last month is estimated at between 1 and 2 per cent.

THE LEX COLUMN

Cash constraints at Coats

Index fell 0.4 to 492.8



The F.T.-Actuaries sector index race to the 1,000 mark has been won by oils, which cruised to 1015.93 yesterday leaving the electricals sector—until recently a fancied runner—becalmed at around the 950 mark. Although oil share prices were going nowhere very much during the summer, in a period when crude oil was moving into surplus and spot prices were on the slide, the Iran/Iraq war has transformed the picture. With around 4m barrels a day of crude oil production removed by the war, and less than 2m barrels of extra liftings elsewhere, there is a real prospect of further rises in crude prices, and downstream margins should benefit too, judging by the revival in value of products like naphtha. In the past two months, the oils sector index has risen by more than a quarter.

Coats Patons

Coats Patons has taken a leaf out of the book of some retailers and is resorting to sale and leaseback deals to shield its profit and loss account from the worst ravages inflicted by sterling. The appreciation of the pound so far this year has reduced first-half trading profits by £7.3m, solely on currency translation, and the full year effect will total about £11m if sterling stays at present levels. Under this pressure, a £4.4m decline in pre-tax profits to £26.7m at the halfway stage underlines a resilience that few other major UK textile companies will display this year. The share price rose 1½p yesterday to 56½p.

Nevertheless, excluding the surplus of perhaps £11m on property disposals, pre-tax profits this year will be running at only three-quarters of the 1978 level and two-thirds of that in 1977.

Abroad, volume has been broadly maintained, and price rises have improved trading margins in local currency terms. But in the UK there has been a sharp volume decline in the April-June quarter, and the percentage of trading profits from this source is now running well below the 22 per cent achieved last year.

So with a tax charge threatening to exceed current cost profits, a rising proportion of Advance Corporation Tax that cannot be offset, and profits remaining hard to remit from some countries, the cash from the sale and leasebacks may well come in handy to finance the dividend. At any rate, the disposals will allow a first half increase in net debt to be unwound by the end of the year and prevent any further rise in the interest charge, although the company warns that it may find itself facing a clawback of stock relief. Pre-tax profits for the year may be about £52m, excluding property gains, producing a prospective p/e of 7¼, fully-taxed, supported by a yield of 10½ per cent.

Menswear

J. Hepworth's results for the year to August may be distinctly lack-lustre—pre-tax profits are down 13 per cent to £5.7m—but they stand out like a beacon of light compared to what is going on elsewhere in the menswear sector. Yesterday also brought news of the closure by United Drapery Stores of 110 menswear stores, about a quarter of the outlets of the John Collier and Alexandre chains, which are to be merged. Meantime there is considerable speculation in the City about the forthcoming results of Burton Group (also for the year to August) with a general expectation that Burton will have earned very little profit in the second six months.

Certainly Hepworth's figures show a deterioration in the second half, with sales (excluding the W. and E. Turner acquisition) up only 5 per cent ex-VAT, against a sixth in the first half. The overall profit picture is confused by the consolidation of Turner for four months, coinciding with a sharp but temporary jump in interest charges before the purchase was refinanced out of the proceeds of sale-and-leaseback deals. But the second half pre-tax figure was down more than a fifth, with a deteriorating trading trend relieved only by some healthy bargain-hunting at the July sales.

Since August, apparently, demand has continued to weaken right across the country. Hepworth does enjoy a few advantages this year, in that it will be getting the benefit of loss elimination on the manufacturing side, while it may be able to increase market share as rivals like UDS pull out, and Turner will contribute for a full year. Barring a recovery in consumer confidence, however, it is hard to see Hepworth avoiding another profits fall this year.

So the main reason why the shares have hit a 1980 high and yield just 5.6 per cent at 100p is that British Land is prowling with a stake of just under 5 per cent. Its intentions are unknown but Hepworth's net worth at book values is around 180p a share.

Glaxo

Glaxo's accounts show that the return on capital last year slipped below 20 per cent for the first time in at least a decade, and its pre-tax margin on sales of 10.7 per cent is also lower than for a very long time. It is also investing heavily in fixed assets and product development. Capital spending last year exceeded the current cost depreciation charge by 45 per cent, research and development costs rose to 8½ per cent of sales (up from just over 6 per cent two years ago), and a lot of money is being poured into the U.S. to expand the group's rather small base.

In common with other pharmaceutical companies, Glaxo's high returns of the mid-1970's are beginning to look little more than fond memories, as product development costs become more onerous. But some measure of recovery should be possible over the next few years. Glaxo is putting considerable resources behind the launch of some important products in the U.S. and Japan. It is also making intensive clinical trials on its anti-ulcer drug, Ranitidine, which are said to be going well.

The chairman says that heavy development expenses in the U.S. will last for another year or two, and will ultimately "change the dimensions of the group." Meanwhile Glaxo will do well to show much improvement this year. But contrary to recent stock market rumour, its balance sheet does not look like that of a group which is about to launch a rights issue.

UDS plans merger of menswear chains

By David Churchill, Consumer Affairs Correspondent

THE UDS retailing group is to close 110 High Street shops, about a quarter of its total number of menswear stores, with the loss of 500 jobs.

It also plans to merge its two separate menswear chains, John Collier and Alexandre, which will in future trade solely under the name John Collier. In Scotland, the trading name Claude Alexander will also be replaced by John Collier.

The main shopworkers' union, the Union of Shop Distributive and Allied Workers, said last night it was "very concerned" at the move and planned urgent talks with management to find ways of reducing the number of jobs lost.

But the company's decision to reduce its commitment to menswear retailing caused little surprise in the retail trade given the problems over the past year for retailing in general and clothing in particular.

Last month UDS reported interim pre-tax profits down from £10.04m to £2.05m with about £3m of the fall due to the depressed demand for clothing.

The menswear division is understood to have made a trading loss, while the womenswear side of the company only managed to break even.

The company's problems which have been shared by its high street competitors Burtons and Hepworths, have mainly been due to the sharp slump in sales this year.

The latest official Government statistics for menswear sales, covering the second quarter of the year, show that some 582,000 suits were sold, compared with 772,000 in the first quarter of the year.

The hefty 7 per cent VAT increase in June of last year pushed up prices in the clothing trade and started to depress demand. Also the mild winter and cold summer weather over the past year has meant that the wrong type of clothes have been on offer. This year's recession has taken a further toll.

Cheap imported suits have added to the burden on UK clothing manufacturers. Last year the total number of suits imported to the UK rose by over a fifth to 2.6m. Some, notably from Romania, sell for as little as £10 which is less than the cost of materials to UK manufacturers.

The industry's problems have led to substantial clothing factory closures and job losses. UDS closed its Middlesbrough factory at the beginning of the year with the loss of 850 jobs.

Hepworth results, Page 24 and Lex

Reagan adviser resigns over business charges

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. RICHARD ALLEN, chief foreign policy adviser to Mr. Ronald Reagan and a candidate for the national security adviser's job in any new Republican Administration in the U.S., yesterday resigned his campaign post in the wake of allegations of past and present conflicts of interest involving his private business activities.

Mr. Ed Meese, Mr. Reagan's chief of staff, said that Mr. Allen was withdrawing "to remove this matter as a possible issue in the campaign." He added that Mr. Allen retained "the full confidence" of the Republican challenger. Mr. Allen has said the accusations against him are "shot through with holes."

The trigger to Mr. Allen's decision was clearly an article in Tuesday's Wall Street Journal. This amplified earlier charges about Mr. Allen's connections, while still serving in the Nixon White House, with Mr. Robert Vesco, the fugitive financier, and Japanese businessmen, to whom, the Journal alleged, he passed confidential information about U.S. trade policy in return for a promise of a subsequent consulting job.

It also noted that Mr. Allen was still being retained as a consultant by the Japanese company, Nissan, parent of Datsun, at a time when the level of Japanese car imports in the U.S. was causing political concern here.

It is the timing, rather than the substance, of the Allen case that may be unfortunate for Mr. Reagan's campaign. There is no suggestion that Mr. Allen's problems, any more than the much more publicised case of Mr. Billy Carter, the President's brother, will affect electoral opinion when the nation votes on Tuesday.

But Mr. Reagan emerged from Tuesday's televised debate with President Jimmy Carter in an upbeat mood, apparently convinced that the Presidency was in his sights. He has taken off across the country, hammering home his attack on the President's economic policies, while Mr. Carter is out elsewhere, accusing Mr. Reagan of being misguided on foreign policy, social and racial issues.

But the thrust of Mr. Reagan's campaign could be blunted by the first taint of scandal in his entourage. It is likely to dominate, for a critical day or two, news coverage of his activities and put him, and his staff, inevitably on the defensive at precisely the moment when they need to attack.

Mr. Carter and his adept campaign team will undoubtedly not let pass the opportunity to suggest that this raises doubts about those with whom Mr. Reagan surrounds himself—and therefore the candidate's own judgment.

Yesterday, campaigning in Texas, Mr. Reagan's staff insisted that Mr. Allen's departure made no difference, since alternative foreign policy advice was not in short supply.

The candidates tried to turn the tables by accusing the Carter Administration of wrongdoing of its own. He said that once again the President had "Jimmied" economic statistics by delaying publication, until late on Wednesday, of the news that the Federal Budget deficit in the fiscal year had been \$59bn (£24.2bn), the second highest on record.

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Visa in travellers cheque link with TSB

By Alan Friedman

VISA, THE international banking group originally founded to co-ordinate credit card acceptability, is expanding its UK travellers cheque operations through the Trustee Savings Bank. TSB, already a member of Visa International, is to issue its own sterling cheques from Monday.

The travellers cheques, which will carry the TSB logo and the blue, white and gold Visa symbol, will be available in denominations ranging from £10 to £100 at 1,600 TSB branches in the UK.

Mr. Tom Bryans, chief general manager of TSB Central Board, said the scheme would be administered by the Central Trustee Savings Bank on behalf of the TSB group. "The decision to become an issuer of its own travellers cheques is in keeping with the rapid development and expansion of the group's banking services."

The move by TSB follows a similar one from Barclays Bank last January.

Both UK banks have joined the Visa group in a worldwide battle for a share of the travellers cheque market, estimated by Mr. Bryans of TSB to be worth more than £12bn.

When Visa launched its attack on the world market last year it announced hopes of achieving an initial 10 per cent market share worldwide by persuading at least one leading bank in every major country to issue its cheques.

American Express is acknowledged to be the world market leader in travellers cheques with a share in excess of 50 per cent.

BL pay deal

Continued from Page 1

They may dispute BL's interpretation of the voting results, but they will be conscious that the workforce is divided.

The traditionally militant workers at Rover cars, Solihull, who expect to be on short-time at least until Christmas, rejected the strike call. By contrast, Longbridge, where the successful Metro is assembled, and Cowley, which this week learned it was the site for the new middle range car, the LC10, voted for action.

Sir Michael, who earlier this year rode out a strike by more than 20,000 workers which brought nearly all car assembly to a halt, can be expected to exploit the situation.

A key factor is likely to be the attitude of the Amalgamated Union of Engineering Workers. Mr. Terry Duffy, the president, expressed "disappointment" yesterday that no agreement had been reached. "We are concerned for the gravity of the position at Leyland but we will be waiting for a report back at the executive meeting next Tuesday."

While Mr. Duffy would not be drawn on the union's attitude, other unions fear the engineers may be about to break ranks. The percentage pay offer by BL gives a greater advantage to the more highly-paid skilled workers than to the production workers who tend to be in the Transport and General Workers Union.

There were significant indications of a possible breakaway by the engineering union at yesterday's mass meetings. At the Swindon body components plant the 16,000 Transport Union members voted for a strike while the 1,000 Engineering workers opted to accept the deal.

Similarly, at the Cowley body plant about 1,300 toolmakers held a separate meeting at which they voted to accept the deal.

Any militant action by the BL workforce would come at a politically crucial time. This week Sir Michael submitted the 1981 corporate plan which calls for considerable funds from the Government in addition to the £1bn already committed.

Sir Michael, as in the past, might appeal over the heads of the union leaders to the workforce to report for duty, regardless of any strike call. In the background would be the threat that the corporate plan, which ensures greater job security, particularly at Cowley, could be withdrawn.

Our Labour Staff adds: Mr. Duffy would not be drawn on the results of the meetings, much beyond saying he was disappointed that no agreement had been reached.

Mr. Grenville Hawley, national automotive secretary for the TGWU, BL's largest union, said there was a "very strong possibility" that there would be industrial action.

The BL workforce, after its co-operation with the Mini Metro and Ital projects, and the level of its pay deals over the last two years, "was not prepared to accept 6.8 per cent."

He agreed the position facing the company was serious, but he said: "I'm sure that everyone at these meetings has taken the position of the company into consideration before they put their hand up to make a decision."

Richard Evans, Lobby Editor, writes: Ministers suggested yesterday that the prospect of industrial disruption at BL would call into question the recent requests from the company for further substantial Government aid.

Mrs. Thatcher, questioned by MPs in the Commons yesterday on the strike threat, urged employees not to take industrial action at such a critical time for the company.

While Ministers refused to commit themselves on tactics should a major strike take place, it was stressed that the company would have to stay on course if further Government money was to be forthcoming.

Weather

UK TODAY

DRY with sunny periods, early fog.

England, Channel Islands, Borders, Isle of Man

Dry with sunny periods. Max. 14C (57F).

SW England, Wales

Mainly cloudy. Max. 12C (54F).

SW Scotland, Orkney, Shetland, Ulster

Cloudy. Drizzle. Max. 10C (50F).

Outlook: Mainly dry and sunny. Rain in some places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	L. Plms.	F	23	73
Algiers	F	22	70	Lisbon	C	19	66
Amsdm.	F	10	50	Locarno	S	20	68
Athens	S	20	68	London	S	11	52
Behrain	S	29	84	Luxmbg.	F	9	48
Barclna.	S	19	66	Luxor	F	31	88
Beirut	F	26	79	Madrid	S	19	66
Belfast	C	10	50	Majorca	S	23	73
Belgrd.	F	13	55	Malaga	S	20	68
Berlin	C	9	48	Malta	S	23	73
Biarritz	S	17	63	M'chstr.	S	9	48
Bmghm.	S	11	52	Melbne.	R	15	59
Blackpl.	S	9	48	Milan	C	11	52
Bordx.	S	15	59	Mntreal.	C	1	34
Boulgn.	F	10	50	Moscow	C	0	32
Bristol	S	11	52	Munich	C	9	48
Brussels	C	11	52	Nairobi	S	25	77
Budpst.	S	14	57	Naples	C	17	63
Cairo	F	26	73	Nwcstl.	F	7	45
Cardiff	S	10	50	N. York	S	6	43
Cas'b'ca	F	22	72	Nice	S	18	64
Cape T.	S	27	81	Oporto	S	20	68
Cologne	F	10	50	Oslo	S	2	36
Cpnhgn.	C	5	41	Paris	F	12	54
Corfu	C	21	70	Perth	S	27	81
Dublin	F	12	54	Prague	F	7	45
Dbrvnk.	F	20	68	Reykjvk.	F	5	41
Ednbgh.	F	5	41	Rhodes	S	22	72
Faro	C	21	70	Rome	F	19	66
Florence	S	19	66	Salzbrg.	C	9	48
Frankft.	C	9	48	Stckhm.	C	1	34
Funchal	F	22	72	Strasbg.	F	12	54
Geneva	S	12	54	Sydney	F	23	73
Gibrltr.	S	20	68	Tangier	F	23	73
Glasgow	C	6	43	Tel Aviv	C	25	77
G'nsey	S	13	55	Tenerife	F	20	68
Helsinki	C	−3	27	Tokyo	S	16	61
H. Kong	S	27	81	Tunis	S	23	73
Invrnss.	C	5	41	Valencia	F	20	68
Innsbrk.	C	12	54	Venice	S	14	57
I.o.Man	R	9	48	Vienna	S	12	54
Istanbul	F	18	64	Warsaw	R	8	46
Jersey	F	12	54	Zurich	F	10	50
Jo'burg	S	25	77				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Total hormones ban sought by EEC

BY LARRY KLINGER IN BRUSSELS AND RICHARD MOONEY IN LONDON

A COMPLETE ban on the use of hormones to promote growth in farm animals for human consumption is being proposed by the European Commission.

The move follows consumer boycotts in Italy, France and Belgium this autumn of meats suspected of containing hormones, especially veal, and the subsequent decision by EEC Farm Ministers at the end of September to instruct the Commission to prepare proposals on the issue by the end of the year.

The proposed ban, if endorsed by EEC farm ministers, could have far-reaching effects for the livestock industry.

Natural and synthetic hormones are widely used to stimulate animal growth in the intensive cattle and poultry sectors (though synthetic hormones are banned in the UK). The ban would give a severe knock to profit margins.

Hormones are also used to manipulate breeding patterns of dairy cows and sheep; but it is not yet clear whether these applications would be affected.

Consumer organisations have long claimed that hormone residues in food are a danger to human health.

The recent scare has mainly been over injection of hormones, which presents the greatest risk of residues remaining in food for human consumption. But they can also be applied as implants (usually behind the ear or in some other non-consumable area) or in animal feed.

The European Bureau of Consumers' Unions says that, in a recent Italian court decision banning some veal products, cases of abnormal growth in children were attributed with "near-certainty" to hormone-injected meat.

The bureau also says that there is a "suspicion" that some hormone-treated meat may cause cancer.

The commission will present to farm ministers, almost certainly at their next council meeting on November 10 and 11, a proposal that a ban on the use of all hormones, both synthetic and natural, be imposed from January 1.

It is also proposed that offences against the ban would be punished by the confiscation and destruction of any affected live animals or meat.

Hormones are often administered to farm animals to increase their weight through the retention of extra water. In calves, for example, weight can be boosted by up to 25 per cent with a cut in feeding costs of up to 15 per cent.

Pressure can be expected on some Ministers from farm organisations whose members depend on hormone use to sustain output with specific feed costs. There is also likely to be opposition from some countries which may feel that their own national control schemes could be replaced by a weaker community compromise.

Consumer-protection and other pressure groups and the commission say that, while most member countries have laws controlling hormones, their rules differ widely on design of the drugs and their application. Furthermore, they say, the techniques for detection now available are too costly except for spot checks.

In the UK, Meat industry representatives said last night that they thought new rules on hormones would take "years" to implement because of the complexity of the issue.

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